The Financial Times, April 22, 1977

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NEWS SUMMARY

GENERAL

Profumo papers still exist

Confidential files of the Denning Enquiry into the Profumo Affair of 1963 have not been destroyed, as Lord Denning claimed on Wednesday. They are in the Cabinet Office.

Mr. James Callaghan, Prime Minister, gave the news to the Commons barely 24 hours after Lord Denning had told the Lords that the records had been destroyed.

Mr. Callaghan said that it had been agreed that the documents should not be handed over as public records and were in the Cabinet Office.

His remarks will have partly stilled the anger of some Labour MPs at the peremptory fashion in which historical documents had appeared to have been got rid of forever.

Through a statement by Lord Elwyn Jones, Lord Chancellor, in the Lords last night, Lord Denning made it plain that when he stated that the evidence had been destroyed, he had assumed and inferred from the circumstances that this had been done. He was glad to know the documents existed
Page 12

Belfast man gunned down

A man was killed and four people injured in three separate shooting incidents in Ulster last night. The man, aged 24, was gunned down with automatic fire from a passing car in Belfast's Shankhill Road area. Two people with him were also hit. A third man was seriously injured in a Dunmurry shooting incident. A Belfast youth was shot in the arm.

At the European Human Rights Court in Strasbourg Mr Sam Silkin, Attorney-General, strongly contested the Irish Republic's plea that British officials responsible for alleged torture in Northern Ireland should be prosecuted. Page 4. Politics To-day, Page 27

South Africa to build air base

South Africa is to build a big new air base in the eastern Transvaal near its border with Mozambique, Mr. P. W. Botha, Defence Minister, stated yesterday. The Minister also said that the period of national service for conscripts is to be doubled from 12 months to two years. Page 5

Rockets used in Rhodesia attack

Black nationalist guerrillas had attacked a police post in western Rhodesia with rockets and small arms, the Rhodesian military command said.

Rome shootings

A policeman was shot dead and a U.S. woman journalist and a second policeman were wounded when students opened fire near Rome University. The shooting took place after police, using tear gas, drove students out of barricaded positions they had occupied in protest against the government's education reform measures. A strong police force last night surrounded the university. Page 4

Playboy union

Gaming staff at the Playboy Club in Park Lane, London, should have their pay and working conditions negotiated by the Transport and General Workers' Union the Advisory, Conciliation and Arbitration Service ruled.

Briefly...

Argentina's security forces said that they killed eight Left-wing guerillas in three Buenos Aires fights. Feature. Page 6

Angry Brigade bomb conspirator Hilary Creek, aged 28, was released on parole after serving half her 10-year sentence.

A man was jailed for seven years at the Old Bailey for stealing £.m. from London Airport.

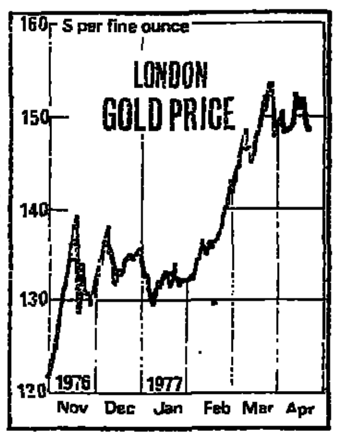
BUSINESS

New rise in gilts; equities up 6.2

● GILTS went ahead in brisk trade, encouraged by hopes of another cut in Minimum Lending Rate. Gains ranged to ¾ and the FT Government Securities index rose 0.38 to 68.38.

● EQUITIES made further gains, but business was slight. The FT Government Securities Index finished at the day's best of 418.7, up 6.2.

● STERLING edged down 3 points to close at $1.7192½ and its trade-weighted index slipped to 61.7 (61.8). Dollar's trade-weighted depreciation widened to 1.02 (0.96) per cent.



● GOLD was again easier in modest, nervous trade, falling 50c. to $148.625.

● WALL STREET fell 6.79 to 935.80.

● U.S. MONEY SUPPLY: M1 $321.2bn. ($320.3bn.) M2 $762.7bn. ($761.3bn.); commercial and industrial loans, [illegible] 297m. (down [illegible]); Fed funds 4.71 (4.65) per cent.; 90-119 day paper, unchanged at 4.75 per cent.

Nuclear deal with Romania

● ROMANIA is about to complete a deal involving the supply of Western—rather than Soviet—nuclear technology and equipment for power stations. The deal will be the first of its kind by a Warsaw pact country. Back Page

● BRITISH NUCLEAR FUELS has obtained planning approval for expansion and improvements at its Windscale plant costing £385m. Back Page

● COAL BOARD has urged the Government to allow for a substantial miners' incentive scheme in the next phase of pay policy. Back Page. The Coal Board is believed to have made a net profit of over £20m. in the financial year just ended. Page 8

● SINCLAIR RADIONICS, in which the National Enterprise Board has a stake, is launching a new low-cost calculator with a micro-computer. Page 8

● HEATHROW engineers' strike, which has disrupted British Airways services, may be over by Sunday if inter-union talks to-day produce an agreement. Page 12

● BANK OF CYPRUS (London) has closed its doors since Monday because of industrial action by staff claiming a pay rise. Page 9

● THE QUEEN'S shareholdings will be exempt, on certain conditions, from any disclosure obligation, if they are held through a Bank of England nominee company. Back Page

COMPANIES

● BOWATER is raising $50m. for 15 years in the fourth Eurobond issue to be announced by U.K. borrowers in the last three days. The interest rate is expected to be 9½ per cent. Page 36, 33 and Lex

● HEPWORTH CERAMIC Holdings plans to raise £11.47m through a rights issue. Page 28 and Lex

● DUNLOP HOLDINGS made pre-tax profit of £73.3m. (£52m.) in 1976. Page 29 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 14pc 1982	£114¼	+ 2
Treasury 12pc 1953	£108	+ [illegible]
Alginate Inds.	263	+ 8
Beattie (J.) A	110	+ 6
Beaverbrook A	39	+ 2½
Beecham	4[illegible]	+ 6
Centre Hotels	46	+ 5
Common Bros.	282	+ 30
Costain (R.)	182	− 8
De La Rue	570	+ 7
English & Caldn. Invs.	86	+ 8
Ferranti Elect.	116	− 7
Fisons	342	− 9
Furness Withy	255	+ 5
GEI	171	+ 5
Hellenkamp	288	+ 6
[illegible]	482	+ 9
Hepworth Ceramic	61	+ 4
Home Counties	48	+ 5
ICI	354	+ 6
Invergordon	50	+ 4
Low (W.)	92	+ 6
Martonair Intl.	118	+ 4
Muirhead	172	+ 5
Savoy A	57	+ 4
Smith (W. H.) A	485	+ 19
Tecalemit	105	+ 4
Thomson Org.	480	+ 10
BP	910	+ 56
Shell Transport	496	+ 16
Purbeck	61	+ 6
Williamson Tea	156	+ 8
RTZ	239	+ 5
FALLS		
Free State Geduld	025	− 50
Randfontein Estates	£20¼	− ¾
Stilfontein	170	− 10
Ventersport	107	− 10
Western Holdings	£11½	− ¼

Fresh proposals on devolution are well advanced

BY RICHARD EVANS, LOBBY EDITOR

Senior Ministers are well advanced with fresh proposals for devolving powers to Scotland and Wales which, they believe, will enable Mr. Callaghan's minority Government to remain in office for a further Parliamentary session.

The outcome of the major rethink of the devolution proposals will be announced about the middle of next month, but legislation is not likely to come before Parliament until the next session, which starts in November.

The main advantage for the Government will be twofold: A resurrected Bill will fulfil Labour's manifesto commitment to set up assemblies in Edinburgh and Cardiff with devolved powers; and it will also gain the necessary Parliamentary support from minority parties to keep itself in power.

A redrafted and probably more radical Bill given priority in the next session would make more certain the continuation of the pact with the 13 Liberals and would ensure that the 14 Nationalist MPs would come to the support of the Government on an issue of confidence.

It would be in their interests to get the legislation on the Statute Book rather than help to force a General Election which could result in a Conservative administration less sympathetic to devolution demands.

A stronger devolution Bill would put Mr. Callaghan in a much better position to carry out his recent declaration that the Government could run its full term.

More important strategically, he would be able to call a General Election at a time of his choosing rather than being forced by Mrs. Thatcher into one at a time of weakness.

Even if the Liberals decided to opt out of their pact with the Government in the autumn, stronger devolution legislation would give Mr. Callaghan a breathing space because of the support of the nationalist parties.

Confident

Mr. Michael Foot, Lord President, has been having lengthy discussions with the Liberals, Nationalists, Conservatives and Labour anti-devolutionists since the Scotland and Wales Bill was shelved in February after the loss of the Government's guillotine timetabling debate.

He is confident a formula can be found that will enable the legislation to be passed by next spring with the use of the guillotine.

The key elements of the Bill that are still being negotiated between Mr. Foot and the minority parties are a means of giving the Scottish Assembly its own powers of taxation and a method of overcoming possible conflict of interest between the Assembly and Westminster.

What is not clear is what form the legislation will take. Many MPs expect separate Bills for Scotland and Wales, but Ministers are divided on tactics and the issue has to go before Cabinet for a decision.

In the Commons yesterday, Mr. Callaghan and Mr. Foot confirmed that the Government's commitment to devolution stands firm. They refused to confirm reports that the Welsh devolution plan will be hived off in order to give a Scottish Bill more chance of success.

Hinting that the Bill might be split — even though he is not in favour of this course — Mr. Foot added "Government proposals may not be exactly the same as the existing proposals for dealing with both countries, but we are determined to carry out measures for both countries."

The argument in favour of separation is that many of the Welsh Labour MPs who opposed the guillotine on the Scotland and Wales Bill would not oppose Scottish legislation. This, together with help from the Liberals and possibly from some pro-devolution Tories, should just be enough to gain the crucial guillotine.

The idea would be to run the two Bills simultaneously through Parliament in the knowledge that the Scottish Bill probably would succeed and the Welsh one fail. This, in the Government's view, would be sensible tactically, as Labour has much more to lose electorally in Scotland than in Wales.

U.S. makes counter move against Arab boycott

BY RICHARD JOHNS, MIDDLE EAST EDITOR WASHINGTON, April 21.

LEGISLATIVE MEASURES aimed at countering the Arab boycott of Israel were adopted last night by a massive majority of the House of Representatives in spite of warnings by business leaders that they could cost the U.S. billions of dollars in lost export orders.

The lower house of Congress approved by 364 votes to 43 amendments to the Export Administration Act which could make liable to criminal prosecution and heavy fines any companies "refraining" from doing business with Israel or blacklisted companies in compliance with the requirements of the Arab boycott.

Foreign subsidiaries of U.S. companies which might be used to "circumvent" proposed provisions are included, and the extra-territorial aspects of the Bill are understood to be a source of concern to the British Government.

An alternative—but less restrictive—set of amendments has been worked out by a Senate committee, and will be submitted to a vote by the Upper House

Exemptions in the House Bill recognise the right of boycotting —in this case, Arab—countries to enforce compliance with a primary embargo of the kind imposed by the U.S. against Cuba. American suppliers would not be expected to import Israeli-made goods into an Arab country or transport them in Israeli vessels.

Permitted

For a year, American companies would be permitted to supply negative certificates of origin, but after that would be allowed to give only positive certificates saying where the goods came from rather than affirming that they were not Israeli.

There is no dispute about the prohibitions on companies giving information about the race or religion of its employees, but other provisions are seen as likely gravely to inhibit commercial dealings with the Arab world.

A senior executive of an oil company described the Bill as a "lawyer's release Act," and said that his corporation, which is engaged in a long project in the Arab world, might have little choice but to make its procurements outside the U.S.

In accordance with President Carter's pledges during the election campaign, the administration is in favour of federal legislation, but has been anxious not to damage commercial relations with the Arabs, or bring about a confrontation.

Much will depend on the administrative regulations related to the law, and how they are implemented.

Opponents take a pessimistic view. "This will mean the end of most major trade with the Middle East," according to a lawyer advising the Business Round Table, the National Association of Manufacturers and the Emergency Committee for Foreign Trade.

U.S. exports to Arab countries were worth nearly $7bn. last year, and, over the last four years, have grown from 5 to 10 per cent. of total sales abroad

Conduct code for directors' share dealings planned

BY MICHAEL LAFFERTY, CITY STAFF

THE Stock Exchange is planning to issue within the next few months a code of conduct for directors' share dealings.

The code will be attached to the Stock Exchange listing agreement and therefore will be considered binding on the directors of all quoted companies.

The details were disclosed yesterday by Mr. Nicholas Goodison, chairman of the Stock Exchange, at a conference on international accounting standards organised by the Institute of Chartered Accountants in England and Wales.

Mr. Goodison said that the code would be a model of good practice. "We would expect every quoted company to have something very similar for its directors—and certainly not anything less strict."

General support

Mr. Goodison said that a draft of the proposed code had been under discussion with the Confederation of British Industry for some time and would not be issued until all consultations, particularly those with City bodies, were complete. The Stock Exchange first approach the CBI on the matter early last year.

Discussions so far had disclosed general support for the idea of a code which should go some way towards dealing with the difficult area of insider share dealing. He hoped the code would be issued by mid-summer.

The Stock Exchange was working closely with the new Department of Trade/Bank of England joint review body on City institutions. He hoped this would result in the establishment of other bodies to improve self regulation.

Another area where a code of conduct might be worthwhile was in the field of public share issues, particularly with regard to issuing houses and reporting accountants.

Mr. Ivor Kennington, chairman of the Issuing Houses Association, said last night that he supported Mr. Goodison's call for strengthened self-regulation in the City.

For latest Share Index 'phone 01-246 8026

Bhutto declares martial law

BY DAVID HOUSEGO

Martial law was declared last night on Pakistan's three largest cities by Mr. Zulfiqar Ali Bhutto, the Prime Minister, in a bid to curb the mounting violence which has claimed nearly 200 lives so far and to forestall the general strike called for to-day.

An announcement by the state-controlled radio said that martial law had been imposed in Karachi, Lahore and Hyderabad. The three cities have been the scene of the worst rioting since the Opposition launched their campaign last month to topple Mr. Bhutto and obtain a fresh general election.

With the prospect of to-morrow's general strike paralysing the country and bringing all public services to a halt, Mr. Bhutto's move represents a last ditch measure to preserve his regime.

He said on Sunday that he had no wish to draw on army support. That he has now been forced into this action is an admission that his civilian government no longer has the authority to enforce law and order.

Curfew

Armed troops patrolled the streets of Karachi yesterday after the curfew announced earlier came into force at dawn.

Shops were closed and traffic was at a halt. The curfew was extended to parts of Hyderabad.

Three people were killed and 11 injured while breaking the curfew in Karachi and Hyderabad.

A Government statement said martial law had been imposed because internal disturbances posed a grave danger to Pakistan's security.

The declaration of martial law transfers power in the three cities to the local garrison commanders. They were last night expected to issue regulations to keep essential services running to-day.

The last time that martial law was declared in Pakistan was on March 25, 1969, when former President Ayub Khan was driven from power.

It was lifted by Mr. Bhutto in 1972 when he felt that calm had returned to the country after the 1971 Indo-Pakistan war.

The difference now is that it has only been imposed in some parts of the country.
Pressure on Bhutto, Page 5

£ in New York

—	April 21	Previous
Spot	$1.7190-7186	$1.7197-7199
1 month	0.55-0.51 dis	0.68-0.62 dis
3 months	1.69-1.64 dis	1.74-1.69 dis
12 months	7.42-7.32 dis	7.6[illegible]-7.[illegible] dis

Carter's fuel plan gains mixed backing

BY STEWART FLEMING NEW YORK, April 21,

PRESIDENT CARTER'S proposed energy policy received a mixed reception in the U.S. to-day as business and political leaders expressed reservations about specific elements in the package. But they praised him for trying to make the country react to the serious energy problems.

Perhaps the harshest criticism came predictably enough from the motor industry, which is facing penal taxes on cars with low fuel efficiency as well as higher petrol prices.

Mr. Thomas Murphy, chairman of General Motors, commended the President for focusing public attention on this "major national problem," but warned that "the results could be disastrous if we conserve our way to increased unemployment and runaway inflation."

The overall reactions seems to confirm the prediction that the President will find it extremely hard to push the complete package through Congress without important amendments.

This in itself is causing concern, with some economists warning that a lengthy legislative battle in Congress will add to uncertainty and discourage investment.

Outside the Administration, sources have generally endorsed the main objectives of the President's policy and his attempt to halve the rate of growth of U.S. energy demand.

Both the Organisation of Petroleum Exporting Countries (OPEC) and the International Energy Agency have welcomed the plan as a constructive way of tackling the world's energy problems.

In Brussels, Herr Wilhelm Haferkamp, the European Community's External Affairs Commissioner, called the plan "important and courageous," adding that it may give a positive impulse to the EEC in mapping out its own energy policy.

There are, however, strong reservations about specific and important elements in the comprehensive set of proposals which the President set out.

The reservations range from warnings that the President will find it difficult to push the whole package through Congress, and that, according to some pessimistic assumptions, this could take two years, to concern about the impact of the message on particular industries and on the U.S. economy overall.

In the U.S. some of the deepest scepticism concerned the Administration's forecasts about the impact of the package on the economy.

Questioned

Economists have questioned that the package would add only 0.4 per cent. to the overal rate of inflation between now and 1985.

Business leaders emphasised the difficulties of carrying out the programme in the estimated period.

Mr. David Roderick, President of U.S. Steel, the country's biggest steel company, said that the changeover from oil and natural gas to coal would "be the greatest problem facing American business."

He estimated that the costs include $20bn. for the coal industry to open new mines by 1985 and another $8bn. for railroads to handle the coal. A further investment of $70bn. would be needed by public utilities to convert to coal from oil and gas.

Details of reaction. Page 6
Editorial comment, Page 18
Lex. Back Page

Britain may accept lower EEC subsidy on butter

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN is now expected to accept a butter subsidy of only 8.5p a pound when the EEC farm price talks resume in Luxembourg next week.

This contrasts with its insistence on a subsidy of up to 20p a pound, and rejecting an EEC offer last month which led to the breakdown of the last round of farm price talks.

Mr. Finn Gundelach, the EEC Agriculture Commissioner, said in London yesterday that a quick butter subsidy agreement should be reached next week.

"The subsidy we are offering is calculated to bring U.K. butter prices slightly below their present level until the autumn. Then there will be a slight increase to bring them back to present levels until the end of the year."

Britain wanted a special butter subsidy to help offset price rises due this year under the transitional EEC membership arrangements. These might have added an estimated 12p to 13p to a lb. of butter in the U.K.

Mr. Gundelach said the Common Agricultural Policy and the EEC's future were at stake. Only the question of a butter subsidy and the "green pound" devaluation were outstanding.

Silkin's deal. Page 12

LOMBARD

Bringing down speed limits

BY JOE ROGALY

PRESIDENT CARTER'S message on energy is at least courageous: the craven approach of our own Government to any aspect of energy or transport policy is a sad contrast. One of the worst examples of this inability to take firm decisions came a fortnight ago, when Mr. William Rodgers, the Secretary of State for Transport, announced his department's total capitulation to the foolish spirit of some of Britain's motorists, who seek to prove their virility by risking their own and everyone else's lives in the fast lanes. As a result the 70 m.p.h. limit will be restored on dual-carriageway roads from June 1, with the limit for single-carriageway roads raised to 60 m.p.h.

Only a recording angel will be able to establish how much this eventually costs in lives lost and bodies maimed, but a cost there will be. For the evidence of just about every study of the effect of speed on accidents involving severe injuries or fatalities is that the higher the speeds the greater the number of casualties. Our own recent evidence is clouded over by a great fog of typically British argument. It is as follows:

Accidents down

In December 1973, when the shock-horror fuel crisis made everyone sit up and take notice a general 50 m.p.h. limit was imposed. It lasted until the following spring. On motorways the accident rate in hours of daylight fell by 42 per cent. below the long-term trend line; the fall in hours of darkness was 27 per cent. On other roads the fall was around a fifth, both by day and by night. Not much notice was taken, partly because the purpose of the limits was to save fuel, not lives.

In December 1974, new speed limits were imposed, again to save fuel. They did. In the first half of 1975 motor fuel consumption was between 3 and 4 per cent. down on the first half of 1973, taking into account changes in mileage travelled. The new speed limits do not account for the whole of the fall: the Government estimate is that they explain only about a third of it.

The rest was officially put down to "changes in braking and accelerating habits," to which one might add, price. But there *was* an effect. There was also an effect on the accident rate in the first three months of the limit, although after that it seemed to wear off.

One reason might be that as time goes by people take less notice of the limits. In 1975 about a fifth of the motorists observed in a departmental survey were driving at more than 50 or 60 m.p.h. on roads with such limits; a year later about 24 per cent. were defying the 50 m.p.h. limit and 29 per cent. the 60 m.p.h. rule.

For this reason many people, the police included, have campaigned for a relaxation of the limits: the orthodox theory is that a law broken by more than 15 per cent. of the motorists on a given road is unenforceable and brings the legal process into disrepute. That is logical enough: the question that remains unanswered, however, is "what is enforceable?"

Radar

In the United States the 55 mph limit has been strongly enforced in most States. It is true that in some of them recent evidence suggests that up to 30 per cent. of motorists are driving much faster than 55 mph, particularly when their radar-detectors assure them that no police traps are in wait, but the limits continue to have *some* effect.

Some laws genuinely are unenforceable, as the Prohibition years demonstrated. But a concerted campaign to lower the speed of travel by car by, say, an average of 5 or 10 mph could be tried by a determined Government. There are several possible weapons: propaganda, including information about the effect of speed on both safety and the cost of motoring; more strenuous efforts by the police (imagine the effect of their objections to low limits if lower speeds were somehow tied to higher pay); and further steady increases in the cost of petrol.

In a country with a sane fuel and transport policy we would go even further and introduce tolls on the motorways; these can act as a cost disincentive and can finance the necessary extra policing. The trouble is that too many people believe that they have a divinely-given right to drive as quickly and wildly as they please on the "open" road. This belief will persist until a leader or party unafraid of moral or initially unpopular pronouncements assumes the duty, which all politicians should bear, of telling the people the cost, in money and blood, of that "right."

RACING — BY DOMINIC WIGAN

Air Trooper soldiers on

AIR TROOPER, who has gained two impressive victories since being ballotted out of the Irish Sweeps Lincoln, for which he was strongly fancied, seems certain to go to post as a firm favourite for this afternoon's Sandown Cup.

The easy winner of Kempton's Rosebery stakes a fortnight ago, in which he passed the post four lengths clear of Major Role runner up, Air Trooper again won with a good deal in hand when landing the £6,000 Newbury Spring Cup on Saturday.

Sent into the lead below the distance on the Berkshire course, Bill Wightman's smart King's Troop colt quickly asserted his superiority over Aliante, forging clear of that highly-rating colt from whom he was receiving only 8 lbs, to score by three lengths.

Although this afternoon's one and a quarter mile trip may be just beyond his optimum, I expect the progressive Air Trooper, who is far from harshly treated with 8 stone 4 pounds, to win with something in hand. The possibly under-rated Silver Steel, who go up close to home to defeat Jumping Hill by a neck in last season's Rose of York Handicap, seems likely to provide the chief threat.

There have been few, if any, easier juvenile winners in recent weeks than Gordon Smyth's Karabas filly, Marjolaine, the unchallenged winner of Newbury's St. Anne Stakes, an hour after Air Trooper's victory.

The Lewes-trained two-year-old reappears in the Juvenile Fillies Stakes, and it is hard to envisage any of her five opponents getting in a say at the finish.

Geoff Lewis, who partners Marjolaine, as he did at Newbury, also holds bright prospects of landing the one and a quarter mile April Maiden Fillies stakes. Here, he renews his associations with the Bruce Hobbs-trained Quality Blake, on whom he finished a short-head runner-up to Better Blessed in a competitive handicap at Nottingham 12 days ago.

SANDOWN
2.00—Taikun's Melody
2.30—Marjolaine***
3.05—Air Trooper
3.35—Conti
4.10—Quality Blake**
4.45—Get Involved

LEICESTER
2.15—Delta Sierra
2.45—Eight of Hearts
3.15—Jenny Splendid
3.45—Billion*
4.15—Homeboy
4.45—Even Tempered
5.15—Redoubled

THIRSK
2.00—Andrea's Plea
2.30—Prince Carl
4.30—Never So Lovely

SALEROOM — BY ANTONY THORNCROFT

Miss Rose letter sets record

THE CELEBRATED Miss Rose letter, reckoned to be one of the top ten rarities of the philatelic world, was sold to a South American collector for £70,000 at Stanley Gibbons yesterday.

The letter, bearing a pair of 2c rose British Guiana stamps of 1850-51, had been in the British North America and West Indies collection of the late Claude Cartier, head of the fine jewel company. Highlights from the collection fetched £443,500, a record for a one-day stamp auction.

The same buyer paid £25,000 for another celebrated British Guiana rarity, a letter carrying both the 1850-51 4c orange and the 8c green.

Baron Leuhusen, a shipowner resident in Bermuda, acquired an 1849 1d Bermuda black on bluish grey, one of the "Perot" stamps of which only 11 are known to exist.

Other leading prices in an auction, where everything was sold generally slightly above forecast levels, were the £21,000 for an 1851 1s reddish mauve New Brunswick cover; £13,000 for a New Brunswick cover of 1851 carrying a 1s dull mauve; and £12,000 for an 1857 New Foundland cover carrying three 6d scarlet vermillion stamps.

An emerald and diamond brooch, made around 1830, was the highlight of the Sotheby's jewels auction which realised £270,450. The brooch sold to S. J. Phillips, the London dealers, for £68,000. The same buyer bought an emerald ring for £23,000.

In the books sale, a 1901 first edition, first issue copy of Beatrice Potter's Tale of Peter Rabbit, one of 250, sold for an auction record of £920. In a drawings and watercolour sale, which totalled £21,240, a domestic scene by Albert Neuhuys went to a Dutch dealer for £2,000.

At Sotheby's, Belgravia, there were some good prices for Japanese ceramics and works of art which realised £112,275. A Shibayama display cabinet went for £7,200; Woods Wilson paid £7,000 for a lacquer two-fold screen; and A. H. Moss acquired an ivory mounted Shibayama cabinet for £3,700.

Christie's held a modest sale of English furniture and oriental carpet which totalled £68,337. A George III mahogany pedestal desk went for £3,000, and a Regency mahogany breakfront library book case £2,400. Among the carpets one from Heriz went to Gumuchdjian for £1,800, and a Kirman carpet fetched £1,500.

Britain takes top place in American TV ratings

BY ARTHUR SANDLES

THE AMAZING World of Howard Hughes, a documentary made by EMI Television Productions Inc., was top of the U.S. television prime time ratings last week—quickly following the ATV production of Jesus of Nazareth, which was second in the ratings. Thus what has been unheard-of—success by British-owned companies has now happened twice in a month.

The BBC confirmed last night that it had bought the programme for an undisclosed sum. It will be shown later in the year in Britain.

EMI Television Productions is a wholly-owned subsidiary of EMI, the British entertainment and electronics group. Its films and theatre division is headed by Lord Delfont, brother of Lord (Lew) Grade, who heads ATV, makers of the Jesus production.

The Amazing World of Howard Hughes was screened in two 120-minute sections. The first half was fifth in the ratings, and the second rose to first with a favourable reception from critics and public.

The BBC purchase of the show adds piquancy to the position since EMI is a shareholder in Thames Television, the largest of Britain's independent TV contractors.

Voluntary code of practice on authority borrowing

PROPOSALS for a new voluntary code of practice for local authority borrowing to meet growing official concern over the extent to which local councils have been relying upon short-term loans are to be presented for Government approval at a meeting at the Treasury on Monday.

The new code, which has been drawn up by a joint working party of the local authority associations, is designed to extend the average period of local councils' outstanding debt over the next few years by introducing an additional limit on local authorities' use of short-term funds.

The associations believe that their proposed code would be less arbitrary yet just as effective as earlier Treasury proposals for a new set of regulatory controls on local borrowing. They also say that it would be simpler to operate because it would avoid any need to monitor the effect of new loans on the maturity pattern of past borrowings.

According to the code, local councils would be expected to arrange their new longer-term borrowings in any financial year so that the average period to maturity of the loans raised should be not less than four years in the current year, not less than five years in 1978-79, and not less than six years in 1979-80. In 1980-81 and thereafter the average maturity of new borrowings should be not less than seven years.

In addition, the code stipulates that not more than 15 per cent. of the loans raised in one year should fall to be repaid in any of the following three years. There are also provisions designed to avoid limiting local councils' access to the one year negotiable bond market and to provide for the needs of councils facing exceptionally large re-financing problems.

Impact

If adopted, the code would have a significant impact on the pattern of local borrowing. In a period of high and fluctuating interest rates, local councils have been relying increasingly on short-term funds. Since the early 1970s the average maturity of new longer-term borrowings has almost halved to just over three years.

The present rule-book r[...] total temporary borrowi[...] less than one year to be [...] to the equivalent of 20 pe[...] of outstanding debt or 1[...] the previous year's capital [...]diture. But the rule also [...] long-term debt which is [...] mature within a year [...]tinue to count as long-ter[...]

As a result, the propor[...] total outstanding local au[...] debt with a residual m[...] of less than a year ros[...] 28 per cent. to 45 per [...] between 1968 and 1975.

The local authority a[...]tions accept that they wil[...] to pay a price for a longe[...] profile in the form of [...] interest charges but they [...] the price to be worth pay[...] terms of greater market [...]dence. They are also ex[...] to press for an increase in [...] Works Loan Board quotas [...] to help ease the move t[...] longer maturities.

However, their imm[...] concern is to persuad[...] Government of the cas[...] extending local authorities[...] profile by relying upon [...] discipline rather than [...] controls.

Building recession puts 2,000 architects out of work

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE RECESSION in the construction industry has meant that more than 2,000 architects have been laid off work in the last 12 months, according to the Royal Institute of British Architects.

The first comprehensive national survey of employment in the architectural profession since the recession began to affect output shows that more than 40 per cent. of all private sector design offices reduced the size of their staff. An estimated 1,200 people have managed to find jobs elsewhere, but about 600 remain unemployed.

Of those finding alternative employment, more than 60 per cent. have been forced to find work outside their profession, and some have taken jobs ranging from sub-postmaster to manager of a public house, says the RIBA.

The architects say that the construction industry as a whole is "in a desperate position" from which it may never fully recover.

In the first three months of last year, design work taken on was worth £881m., but this had fallen to only £759m. in the last quarter. The volume of work taken on in the last quarter of 1976 was, in constant price terms, 8 per cent. down on the previous three months.

The largest drops in new business were recorded in the public sector and in private housing. Commercial and industrial building design work were the only areas to show an improvement in the last quarter.

Only London showed a regional improvement, with the north of England suffering the largest decline.

In the private sector, nearly two-thirds of offices have less than six months' work ahead of them, and they predict staff reductions of 37 per cent. over the half-year when compared staffing levels in January. The public sector expects [...] per cent. reduction.

Two London rail bridges to be rebuilt

TWO RAILWAY bridges at [...]burn, London, are to be re[...] in an engineering oper[...] which will take 16 mo[...] London Transport has awa[...] the contract, worth more [...] £600,000, to Higgs and Hill, work will start next month.

The two 97-year-old cast [...] arch bridges carry Metropo[...] and Bakerloo lines over Kil[...] High Road and Christch[...] Avenue.

APPOINTMENTS

International Harvester U.K. chief executive change

Mr. Lawrence A. Abbott is to be managing director of INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN from May 1. He returns to the Board in the U.K. from IH France, where has was assistant managing director. Mr. Jack C. Smith leaves his present position as managing director of IH Great Britain, to become vice-president, worldwide marketing, for International Harvester's new Pay Line Group from that date.

★

Mr. Tom Macdonald has become chairman of YORKSHIRE CHEMICALS, in place of Sir Donald Kaberry, who has retired from that position.

★

Mr. Geoffrey R. Rowe is director and general manager of BIRKBY'S PLASTICS, not Mr. Howe as reported on Tuesday.

★

Mr. J. Edwin Carter has been elected chairman and chief executive officer of INCO and Mr. Charles F. Baird has been made president. Mr. L. Edward Grubb, chairman and chief officer, has retired.

★

Mr. J. A. Lauder has been appointed sales and marketing director of WEIR - PACIFIC VALVES, a member of the Weir Group. He was previously director and general manager of the industrial products group of Singer (U.K.) at Clydebank.

★

Mrs. M. Donaghy, Mr. J. A. Jones and Mr. R. Sanderson have been appointed members of the POST OFFICE USERS' NATIONAL COUNCIL until December 31, 1980.

★

Mr. Jeffrey T. Brown, personnel director, Pretty Polly, has been appointed chairman of the industrial relations board of the KNITTING INDUSTRIES' FEDERATION. He succeeds Mr. Ernest Owen.

★

Mr. Stacy Waddy has been appointed chief adviser on banking from May 2 to the BAHAMAS DEVELOPMENT BANK, Nassau (which has been formed by the Bahamian Government). He remains a director of Anthony Wieler and Company, investment managers, London. The appointment is technical assistant, provided by the Association for European Co-operation, Brussels, and is initially for one year.

★

Mr. Jim Corner has been appointed secretary general of FORATOM and remains director of the British Nuclear Forum. Foratom is a non-governmental European organisation with consultative status to the International Atomic Energy Agency.

Mr. John Hewins has been appointed to the Board of DAVY-LOEWY as sales director.

★

Mr. K. G. Smith is to be chairman of the NATIONAL ASSOCIATION OF PENSION FUNDS from May 1 and Mr. M. Pilch will be vice-chairman. Mr. Smith is at present pensions manager of the British Steel Corporation and Mr. Pilch is a director of Lowndes Lambert Group—Noble Lowndes division.

★

Mr. Ross Campbell, formerly joint managing director, has been appointed deputy chief executive of MILLBANK TECHNICAL SERVICES, a subsidiary of the Crown Agents.

★

Mr. Jim Westbrook, previously managing director of WESTBROOK (LIVERPOOL), has been appointed vice chairman. Mr. Herbert Westbrook continues as chairman. Mr. Richard Ling becomes managing director on April 27.

★

Mr. Don Sutherland, chairman and managing director of Miles Laboratories in the U.K., has been elected chairman of the executive committee of the EUROPEAN PROPRIETARY ASSOCIATION (AESGP). The executive committee of AESGP, which exists as an institution to promote an understanding of the contribution of safe and effective home medicines, is composed of delegates from nine European countries.

★

Following the offer by C. H. INDUSTRIALS for the BEAVER GROUP, Mr. R. A. Smith, a director of Beaver, has been appointed a director of C. H. Industrials. Mr. T. M. Hearley, chairman of C. H. Industrials, Mr. A. D. Matthewman, managing director, and Mr. P. R. Kirkland, finance director, have joined the Board of Beaver, Mr. Hearley as chairman.

★

Mr. David Birrell has been appointed a director of SECURITIES TRUST OF SCOTLAND.

★

Mr. T. K. C. Willis is to become managing director of North Eastern Evening Gazette from July 1 and will be succeeded as managing director of Belfast Telegraph Newspapers by Mr. J. S. Long. The companies are members of THOMSON REGIONAL NEWSPAPERS.

★

Mr. T. D. King, principal lecturer in public sector economics at the City of London Polytechnic, has been appointed chairman of the LONDON ELECTRICITY CONSULTATIVE COUNCIL. He will be paid a salary of £2,100 a year. The 12 Area Electri[city] Consultative Councils are wat[ch]dog bodies for electricity [con]sumers in their areas.

★

Mr. J. Shaw, a former direc[tor] of Barrett Developments [...] ex-managing director of Midlands operations, has joi[ned] McLEAN HOMES MIDLAND [as] director responsible for pro[duc]tion. McLean Homes Midland [is] part of Tarmac.

★

Mr. W. G. Peploe has [been] appointed a director of P[...] INVESTMENTS and rem[ains] group secretary. Mr. J. [...] and Mr. W. T. Bowden [have] resigned from the Board but [con]tinue as directors of [...] Trailers, a subsidiary.

★

The Lord Chancellor nominated Mr. Justice Arnol[d to] be an additional judge of [the] EMPLOYMENT APP[EAL] TRIBUNAL.

★

Mr. H. W. J. Edwards has [been] appointed chairman of RAND[...] DURKIN AND THOMSON.

★

Mr. David R. Thomas has [been] appointed marketing directo[r of] MAGNATEX as part of an ex[pan]sion of its sales and mark[eting] under which Mr. Neil Das[...] joined the company from Heron Corporation as [...]national account executive.

★

Mr. Barry V. Moult, mark[eting] controller of National Giro, [has] been appointed director of o[pera]tions and general manager o[f] NATIONAL GIRO CEN[TRE], Bootle. He will succeed [Mr.] Raymond Lock, who retire[s in] June.

★

Mr. D. G. Hudson, previ[ously] production director, has [been] appointed commercial direct[or of] the McNEILL GROUP. Mr. [...] Moore, who was fina[ncial] accountant, becomes group fi[nan]cial controller in addition to [his] position of company secre[tary]. Mr. T. A. Jenkins has resi[gned] from the Board.

Jubilee decorations go up soon

THE MALL and Trafalgar Square will take on a festive look next week when the Silver Jubilee decorations start appearing on the 79 crown-topped flagpoles already lining the first part of the Royal Jubilee processional route from Buckingham Palace to St. Paul's Cathedral for the thanksgiving service on June 7.

The flags and banners have been designed by the Department of the Environment's Directorate of Ancient Monuments and Historic Buildings. They feature a Silver Jubilee colour scheme of pale red and blue with silver and fawn, devised to complement the Union Jack. Five flagpole dressings have been designed to enhance the pageantry of the occasion.

Also incorporated into the display are Elizabethan Jubilee motifs in two styles, with crown, royal cypher and Jubilee dates. One, a buckle, is in fibreglass. The other, a strapwork motif, is in soft fabric.

BANK RETURN

	Wednesday April 20 1977	Inc. (+) or Dec. (−) for w[eek]
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	17,049,169	— 2,9[...]
Special Deposits	1,023,725,000	—
Bankers	341,845,978	+ 19,0[...]
Reserves & Other A/cs	431,955,338	— 2,71[...]
	1,896,106,475	+ 13,4[...]
ASSETS		
Govt. Securities	1,529,602,479	+ 134,1[...]
Advanced & Other A/cs	273,322,902	— 100,87[...]
Premises, Equip't & other Secs.	84,798,112	+ 70[...]
Notes	7,184,791	— 20,51[...]
Coin	200,190	— 1[...]
	1,896,106,475	+ 13,42[...]
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,950,000,000	— 150,00[...]
In Circulation	6,942,815,209	— 129,4[...]
In Bank'g Dept	7,184,791	— 20,51[...]
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	5,960,056,040	[illegible]
Other Securities	978,928,860	+ 56,5[...]
	6,950,000,000	— 150,00[...]

TV/Radio

†-Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University. 12.15 p.m. Glas Y Dorlan. 12.45 News 1.00 Pebble Mill. 1.45-2.00 Playboard. 3.00 The Sky at Night. 3.55 Play School. 4.20 Inch High Private Eye. 4.40 Animal Marvels. 5.05 Desert Adventure. 5.35 Magic Roundabout.
5.40 News.
5.55 Nationwide (with regional variations).
7.05 The Tom and Jerry Show.
7.10 The Fantastic Journey.
8.00 It's a Knockout.
9.00 News.
9.25 Harry O.
10.15 Sailor.
10.45 Tonight: People and Topics (with regional variations).
11.16 Come Dancing.
11.56 Chuka.

All Regions as BBC-1 except at the following times:

Wales—12.15-12.45 p.m. Transmitters Closedown. 1.45-2.00 Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 7.05-7.35 Heddiw. 7.35-8.00 Twndish. 10.45-11.15 Kane on Friday. 11.15-11.16 News for Wales.

Scotland—12.15-12.45 p.m. Transmitters Closedown. 5.55-6.15 Reporting Scotland. 6.15-6.30 The Scottish Trades Union Congress. 9.25-9.55 Current Account. 9.55-10.45 Harry O. 10.45-11.15 Sailor. 11.15-11.16 News for Scotland.

Northern Ireland—12.15-12.45 p.m. Transmitters Closedown. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45-11.15 The Gig in the Round. 11.15-11.16 News for Northern Ireland.

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
11.55-1.15 p.m. Funeral Service (Northern Ireland only). for Cardinal Conway.
5.20-7.00 Open University.
7.00 News.
7.05 Model World.
7.30 Newsday.
8.00 Gardeners' World.
8.30 The Money Programme.
9.00 Pot Black '77.
9.25 Inside Story.
10.10 Esther Waters.
11.00 News.
11.10 Jazz from Montreaux.
11.40-11.45 Jill Balcon reads The Wayside Station, by Edwin Muir.

LONDON

9.30 a.m. Kimba. 9.35 Primitive Man. 10.45 The Wild, Wild West. 11.35 Hammy Hamster's Adventures on The Riverbank. 12.00 A Handful of Songs. 12.10 p.m. Hickory House. 12.30 Those Wonderful TV Times. 1.00 News, with FT index. 1.20 To-day's Post. 1.30 About Britain. 2.00 Money-Go-Round Good Afternoon. 2.25 Mid-Week Racing from Sandown. 3.45 The Cedar Tree. 4.15 The Ghosts of Motley Hall. 4.45 Magpie. 5.15 University Challenge.
5.45 News.
6.00 Matter of Morals.
6.35 Crossroads.
7.00 Beryl's Lot.
7.30 Backs to the Land.
8.00 Hawaii Five-O.
9.00 Raffles.
10.00 News.
10.30 Police 5.
10.40 Russell Harty.
11.40 Police Surgeon.
12.10 a.m. From a Bird's Eye View.
12.40 Close.

All IBA regions as London except at the following times:

ANGLIA

10.00 a.m. Inner Space. 10.30 Kiddywinkles. 10.55 Wayne Nutt. 11.20 Afloat. 11.45 Oscar. 1.25 p.m. Anglia News. 5.15 The Challenge of the Sexes. 6.00 About Anglia. 7.00 Back to the Land. 7.30 Sale of the Century. 10.30 Probe [illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

6.15 Y Dydd. 6.30-7.00 Darkness and Danger. 10.35-11.05 Outlook.
HTV West as HTV General except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.35 a.m. A King of Bhutan. 10.00 Popeye. 10.05 The Addams Family. 10.30 Kiddywinkles. 10.55 Wayne Nutt. 11.20 Afloat. [illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett. 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also VHF). 4.30 It's D.L.T. OK! (5.30 Newsbeat.) 7.00 Funny you should ask [illegible] 10.02 John Peel (S) (also on VHF). 12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News, Weather [illegible] Berry (S) including 6.1[...] Thought. 7.02 Terry Wogan [...] 8.27 Racing and 8.45 Pause [...] 9.02-11.30 Pete Murray (S) [...] Waggoners' Walk. 11.30 J[...] 1.50 p.m. Sports Desk. [illegible]

RADIO 3 — 464m, Stereo & VHF

†Medium Wave only

6.55 a.m. Weather. 7.00 [...] Overture (S): Purcell, Mozart, [...] records. 8.00 News, 8.05 [...] (S) Boieldieu, Paganini, Cha[...] 9.00 News. 9.05 This Week's [Composers] Spohr and Hummel (S) on [...] BBC Concert Orchestra [illegible]

RADIO 4

434m, 330m, 285m and VHF

[illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

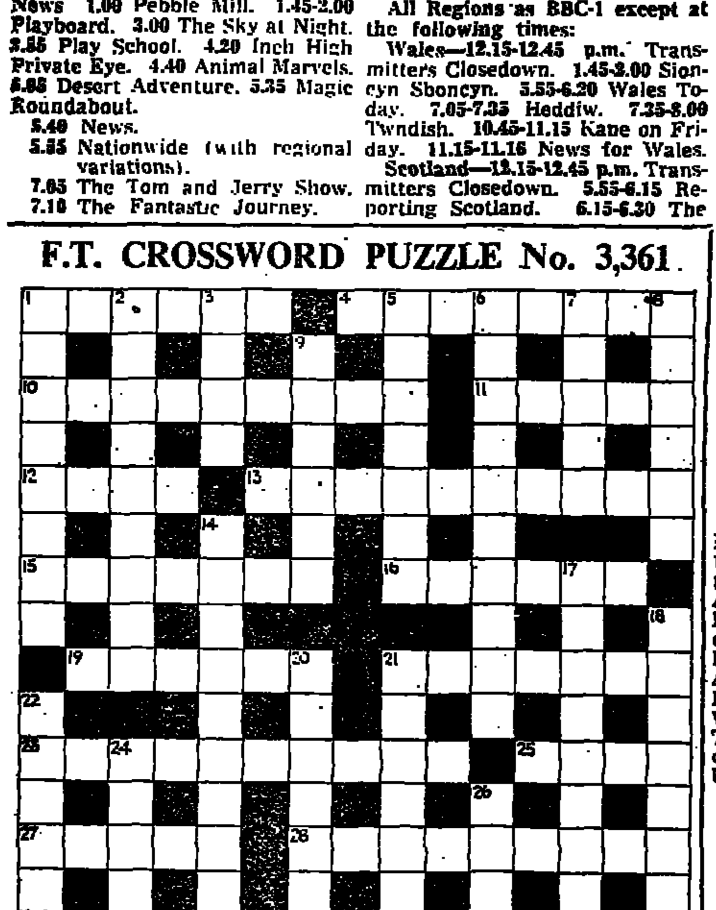
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

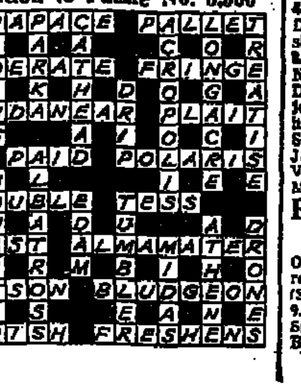
F.T. CROSSWORD PUZZLE No. 3,361



ACROSS
1 Notice one left on the railway? (6)
4 Fool was indisposed but attacked (8)
10 Missile taking in syrup (9)
11 The first formal one (5)
12 The innermost part of mine with gas (4)
13 Beginning to put in order a privilege to which all are entitled (10)
15 Conceal southern dam (7)
16 Cause festering in right joint (6)
19 Being drunk, threw bricks (6)
21 Sick eastern convict returning against the law (7)
23 Bird served with fruit, not wanted by lovers (10)
25 A guide for sailor from the south (4)
27 One business transaction is excellent (5)
28 Main song taking in added flavour (9)
29 Psalm sung before following niggard (8)
30 Neglect to fabricate a type of shirt (6)

DOWN
1 Does it show the way to endorse letters? (8)
2 Large company at Ulster? (9)
3 Get off in one respect (4)
5 Curse about note from jumper (7)
6 Apply to receive a revenue ostensibly (10)
7 Incumbent could be untruthful (5)
8 Died on land in famine (6)
9 Can that is right but smaller (6)
14 Minister with an opportunity to turn up (10)
17 Fast and flashy and not without a peal (9)
18 One left right in the light should be O.K. (3, 5)
20 Furniture that is useful backstage (7)
21 An encroachment but it could be no raid (6)
22 Selfishness, for example, is in order (6)
24 Begins with duck and other birds (5)
26 Game in which ⅔ of 29 may be called (4)

Solution to Puzzle No. 3,360



مكبر من الأصل

Royal Court

Curse of the Starving Class

by B. A. YOUNG

Sam Shepard has given us an old-fashioned story of hard times on a poor American farm such as you might have read in the Saturday Evening Post before the war. The exciting originality of *Tooth of Crime* and *The Unseen Hand* is nowhere to be seen.

The play is set on an avocado ranch in California, no doubt remembered from the author's youth, which was spent on one. Weston, the owner, is a hopeless gambler and boozer. While he is away on a jag, his wife Ella thinks she is going to sell the house and land to a property-developer, Taylor; but in town Weston has made a drunken bargain with Ellis, a club owner to whom he owes money. Let me not keep you in suspense: Taylor is seen off and Ellis sends his frighteners to the farm to scare Weston away and ensure the completion of his purchase.

Much happens in between, though. Weston's son, Wesley, resolves to keep the farm going and his daughter, Emma, rides a horse through Ellis's bar and shoots up the customers. Weston undergoes a magic reformation and brings himself and his house to something near respectability. Ella loses her mind and confuses Wesley, left in his father's ragged greatcoat and red baseball-cap, for Weston himself.

I found it all slow going. The dialogue is as ready-made as the characters, though from time to time each player is given a kind of cadenza that almost recalls how Mr. Shepard can write when he is in better shape. These cadenzas unfortunately don't quite fit the characters. It's not the change of speech pattern I mind, but the change of thought pattern; speeches of such kind should illustrate personalities, or at any rate indicate the direction in which such personalities might travel in other circumstances. Mr. Shepard's examples are for show-off. They only confuse things.

They are well enough handled by the company, who do what they can with the stereotyped individuals of Nancy Meckler's rather sluggish production. Brian Deacon, as Wesley, surely clocks up one for the book by being the first actor to pee, full frontal, on the stage; elsewhere, he captures the boy's aimless introversion nicely. Patti Love, as his little sister, as confidently dotty as a girl from Saki, gives an entertaining though hardly convincing display, and as their father Dudley Sutton seems to have modelled himself on old-time models, like Will Rogers and W. C. Fields.

The poverty of the farm is hard to imagine. This run-down household has a bathroom with hot water, electric power, a telephone, an ice box and a car. A wife as efficient as Annette Crosbie's Ella would hardly have allowed such improbable excesses of hunger to happen.

The Entertainment Guide is on Page 8

Dudley Sutton in Sam Shepard's 'Curse of the Starving Class.'

Henry Woolf in Heathcote Williams' 'Hancock's Last Half Hour'

Purcell Room

Coull String Quartet

by RONALD CRICHTON

At last night's Westmorland concert, the four ex-RAM students who form the Coull String Quartet gave a programme of British chamber music written during or soon after the war. The Second Quartets of Tippett and Britten, and Walton's only survivor (his first was withdrawn a long time ago) are all typical. Tippett and Britten in their distinct ways (Britten's writing more transparent, his assertions of tonality more deliberate, the effect more brilliant if less haunting) look backwards to the Tudors and Purcell as well as forward to the ways their traditions can put forth fresh leaves. Walton applies his well-established idiom with urbane assurance to the intimate medium.

Starting with the Tippett asks much of the players in the madrigalian metres of the first movement that need to be free and easy as well as safely co-ordinated. In this case, there was a shortage of spring or lightness of tread. The slow movement held fire, then suddenly in the scherzo the right feeling came and remained through the finale—though here, as in the more ceremonious pages of the Chacony forming Britten's finale, there was a certain monotony in the loud playing, the tone excellently sturdy but too unvaried. The players' fluent, relaxed performance of Walton's Quartet, whose needling rhythms and unselfconscious lyricism are evidently congenial, was admired during the recent birthday celebrations.

Elizabeth Hall

Peter Katin

by DAVID MURRAY

Mr. Katin nursed a rather mild programme along with his usual anxious care. Not that his playing sounds tentative, far from it; but he addresses himself to the keyboard in the manner of one faced with a hyper-delicate and worrying task. If this quirk is reflected at all in what one hears from his piano, it is perhaps as a lack of sweep: long dramatic spans are liable to shrink into their component paragraphs. That happened with the first movement of Beethoven's *Pathétique* Sonata last night, and again in the Adagio.

In other respects, Katin's musicianship is not to be faulted. Quite without flamboyance, he plays with scrupulous clarity: that served excellently for the four op. 90 Impromptus of Schubert, which can never be too limpid. Debussy's *Suite Bergamasque* was piquantly dry where required, and elegant, though in soft colours—as if the mock-rococo scene were being viewed through gauze.

The recital ended implausibly with the Chopin Polonaise in F sharp minor, a work of bold, sustained defiance which wants much larger gestures than Katin's style can really accommodate. A passionate impetus must carry it on, and it didn't. A new Nocturne by the pianist himself proved to be as innocuous as it was inert: the only puzzle about it was why Katin's disarmingly modest excuses for it should have been the whole and exclusive content of the programme-book, beyond a list of the other works he was playing.

Elizabeth Hall

Brussels Mozart Orchestra

The Orchestre Mozart de la Ville de Bruxelles, to use the full French title, was founded 20 years ago by Guy Barbier, still the musical director, to provide the Belgian capital with a chamber orchestra not only for classical music but for the romantic and modern repertory as well. As a well-wisher with happy memories of music in Brussels, I hope one may be forgiven for suggesting that next time they include some of their other repertory. We don't often hear Belgian music: one is curious to know what they would bring.

Wednesday's programme was all Mozart. The Brussels strings have a pleasing, open, rather forward tone different from ours, not confined to the violins but apparent in the lower lines also. Unfortunately they failed to do much with it: as a race we are notorious (or used to be) for taking our pleasures sadly, but it is hard to imagine an English orchestra playing Mozart with so little evident sense of involvement. The symphony was No. 33 in B flat (K.319), an interesting work that by no means plays itself, especially if the conductor, as Mr. Barbier did, takes the lovely Andante moderato at a solemn Adagio.

The concert's main distinction came from the principal soloist, the clarinettist Walter Boeykens. The finale of the Concerto K.622 went exceptionally well, with the kind of secure but not constrained rhythm missing from the rest of the programme. Unlike many players of this concerto, Mr. Boeykens does not emphasise the character of the instrument's low notes; his were beautiful, gentle, liquid, in keeping with the rest of his scale. After the interval he was heard again as one of the four soloists in the Sinfonia concertante K.297, a work over whose authenticity there hangs a cloud which it would take a more winning performance than this one to dispel.

RONALD CRICHTON

PRS Jubilee Awards

Sir Lennox Berkeley, President of the Performing Right Society, yesterday presented a number of special awards to mark the Queen's Silver Jubilee. These included gifts of £1,000 each to the Snape Maltings Foundation School for Advanced Music Studies (for a PRS Scholarship in memory of Benjamin Britten), to the Park Lane Group for the Young Artists' Week concerts often reviewed on this page; and to the Purcell School, Harrow, for a PRS Scholarship. The Society also offered a PRS Mendelssohn Scholarship (£1,000) for use when two leading candidates tie for the established Mendelssohn Scholarship.

Cinema

Rocky's American Dream

by NIGEL ANDREWS

Rocky (A)
Leicester Square Theatre
Seven Beauties (X) Curzon
Fern, The Red Deer (U) and The Glitterball
Children's Film Foundation

"They don't make movies like that any more," chimes that deathless axiom of the film industry. But recent history has demonstrated that they do—and indefatigably. Especially in Hollywood; and especially in the department of big-budget popular entertainment. What is *Airport '77* but a *Grand Hotel* of the skies? What is *Silver Streak* but a shiny, updated version of *The Lady Vanishes*? And what is *Rocky*, triple Oscar winner and the most successful American film since *Cuckoo's Nest*, but an artful, energetic reprise of all those Backstreets-boy-makes-good sporting epics of the late '40s and '50s like *Body and Soul* and *The Hustler*?

Rocky is the cinema's gift-wrapped present to America on the occasion of its 200th birthday: a tribute to that land of opportunity in which, they say, there is no pinnacle of ambition too high for a talented and dedicated trier to reach. The pinnacle in this instance being the Heavyweight Boxing Championship of the World, and the trier being a down-at-heel pugilist from Philadelphia (played by Sylvester Stallone, also the film's screenwriter), who is picked to fight the world champion in a splashily advertised challenge bout to celebrate America's Bicentennial.

The motives of the fight's promoters are hazily sketched—none of the champion's leading rivals is fit or available, it seems, so an unknown is picked to play David to his Goliath—but this is one of those films that build their plots on the foundation of an idealised rather than a real America. It wouldn't happen like this, one imagines the film cheerfully admitting, but if it did it would go something like this. . . .

For once Hollywood has come up with a film which has the courage of its totally winning simplicity. Not for *Rocky* the grandiose pretensions of *Network*, camouflaging the puerility of its message with rainbow-hued layers of pseudo-sophistication and flip cynicism. *Rocky* offers a kind of Child's Guide to the American Dream: disarming rather than distressing in its naivety, and boasting a rags-to-riches production history that bears an uncanny resemblance to the film's own story.

Practising the self-help his screenplay preached, Stallone, hitherto an unknown bit player, offered the script to the studios on the sole condition that he was given the leading role. Which, after much embarrassment and protestation on the studios' part, he was.

The film has its share of faults. Most of Stallone's characters, for example, are taken straight out of stock. There is the irascible, rough-diamond manager (Burgess Meredith); there is the cigar-smoking, lip-curling promoter (Thayer David); there is the Big Baby hero himself, with his dopy, hulking, adenoidal charm; there is even the plain Jane girlfriend (Talia Shire) who goes through the time-honoured Hollywood ritual of taking off her glasses to reveal that she is not such an ugly duckling after all.

But the film moves along too quickly and surefootedly to stumble over such defects. It has the vitality of a well-told story and the charm of real innocence. There are no dyed-in-the-wool villains—even the Mafioso loan shark who uses Rocky's part-time services as a hit man is there at the end cheering on the hero at the ringside (and earlier ladelling money out on his promotion campaign)—and John G. Avildsen's direction preserves exactly the right balance between fact and fable; between the rough-edged realism of the film's settings and dialogue and the wish-fulfilment simplicity of its story.

Rocky and friend

*

Lina Wertmuller is an Italian director whose films, wildly successful in America, have never, thanks to some indefinable difference of national taste, caught on here. She began her career as an assistant director to Fellini on *8½*, and has since become a kind of heiress apparent to the Maestro. *Seven Beauties* is her latest film (but the first one ever to have a public run in London), and it is bursting at the seams with the kind of over-ripe Fellini-isms that you either love or loathe according to temperament: fat prostitutes, bitter-sweet accordion music, sumptuously artificial sets. . . .

Having but lately commended Joseph Losey's film *Mr. Klein* for the unfashionably sober gaze it turned on Nazism, it is distressing to find oneself returning two weeks later to the camp-and-kitsch tradition of Hitler movies. The hero of *Seven Beauties*, played by Miss Wertmuller's customary leading man, the bristle-headed, liquid-eyed, Giancarlo Giannini, is a deserter from the Italian army who gets captured by German troops and taken to a concentration camp. Scenes from prison life alternate with flashbacks from his past history. From being a wheeler-dealer and man-about-town in pre-war Naples, our hero first became a murderer (wreaking vengeance on a man who had pimped for one of his sisters), then the inmate of a lunatic asylum (where he rapes a patient), finally a reluctant draftee into the Italian army.

Concealed somewhere inside this gaudily wrapped Christmas cracker of a plot is a flimsy little motto about the survival of the fittest in the jungle of modern life. Survival in Miss Wertmuller's concentration camp, for example (which for souped-up menace and vaudeville depravity surpasses anything since *The Night Porter*) takes the form of seducing the elephantine female commandant (Shirley Stoler): a task that to the untrained eye it would seem impossible to perform without the aid of mountaineering equipment, but which our hero finally encompasses and thus ends up having given both his soul and his body to the devil, as it were, for the reward for earthly survival.

Inside most fat films there is a thin one trying to get out, and the struggle is painfully evident for most of this film's duration. Sometimes the set pieces are plump and funny enough to make us forget the film's empty rattling insides. The murder of the pimp, for instance—or rather the disposal of his body—is an appallingly hilarious demonstration of how the digestive functions still noisily operate after death. And Giannini gives a brightly funny account of the hero's dandefied heyday in pre-war Naples. But 'ere long we are back with the greasepaint and the melodramatics of Miss Wertmuller's prison camp: where "camp," alas, not for the first time in the new Nazi vogue, is the operative word.

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Fern, the Red Deer and *The Glitterball* are the latest offerings from the Children's Film Foundation. This organisation receives an annual grant from the State of £500,000—which members of Adults' Lib might care to know is roughly four times the yearly grant to the BFI Production Board, the country's main independent film-making outlet for grown-ups—and it has, understandably, a somewhat nervous relationship with the Press.

From *The Glitterball* the CFF just about emerges with honour intact: a wittily scripted science fiction fantasy in which dialogue, characterisation and special effects are all of a high standard. Director Harley Cockliss gets a lot of mileage, literal and metaphorical, out of the adventures of his title hero: a shiny, spherical, Crisp-gobbling alien from Outer Space.

With *Fern, the Red Deer*, however, we are back with the worst of CFF: one of those glutinous stories about lost and/or wounded animals that are adopted and cared for by kindly rural families. This story is set in the wilds of Exmoor and earns ten points for good intentions, two for dramatic interest. Are children really happy to give their Saturday mornings over to such drab and syrupy stuff? And are taxpaying adults really happy so generously to subsidise it?

Almost Free

Hancock's Last Half Hour

by MICHAEL COVENEY

Tony Hancock in his hotel bedroom in Kookaburra Grove, Sydney, a long way from Railway Cuttings, Cheam, that "death cell" well known to the comedian "with executions once a week." Heathcote Williams's lunchtime play is a poignant, personal epitaph for a deeply sad character who would have obviously hated being remembered in such a way. All alone with his vodka bottle and, on the wall, a stuffed moose's head, Hancock's life flashes before him before being washed away with a few handfuls of pills and a couple of large swigs.

Henry Woolf's performance, though sluggish to start with in Peter Southcott's production, is slowly transformed into a fascinating amalgam of characteristic Hancock epigrams and some rather more fantastic reflections provided by Mr. Williams. So, if Hancock never actually defined "laughter" as a form of "thoracic epilepsy cured by a poke in the eye with a wet stick" you feel he should have done. And, commenting on Dr. Johnson's remark that laughter is what distinguishes man from beast, he wryly adds that the great man could never have heard of hyenas.

Surrounded by hostile Press cuttings and a large pile of encyclopaedic reference books (although a Fontana Modern Masters paperback is surely anachronistic), Hancock ruminates on the inherent danger in a comic's life: "Making a joke is a leap into outer space," attributing the quote to Arthur Koestler. Mr. Woolf catches the suburban, impatient quaver in Hancock's voice very cleverly without resorting to crude mimicry. And there is one brilliant, small-scale theatrical stroke: after the lights have dimmed between scenes, Mr. Woolf quips alcoholically from the floor: "That was my black-out, not yours."

Claiming defeatedly to have trodden on a few faces on the way down, Hancock emerges as the complicated performer he undoubtedly was, lovable, vain, helpless and cruelly disillusioned over his failure to finally make it into the ranks of international stardom. We probably all prefer to remember Hancock in our different ways, but Mr. Williams has certainly provided his own personal, imaginative slant on the case-history.

Festival Hall

NYO by MAX LOPPERT

The Rite of Spring provided the hugely exciting finale of this National Youth Orchestra concert. It was not only that Pierre Boulez's familiarly crack and orderly signals were encouraging playing of splendid accuracy, acerbity and guts—we have heard many fine performances of the Stravinsky ballet score from professional orchestras under his baton in London. But the sound itself was faultless and also powerful, determined yet capable of luminous clarity (against a string contingent of lighter-than-adult density, the brass punched out some newly hair-raising utterances that were never permitted to swallow up the balance); it was this quality, dexterity crossed with the absence of chrome-plated super-polish, that revived the urgency, even the violence in a score recently in danger of being taken for granted. No newcomer to it in last night's audience could have been left in any doubt that this remains one of the century's most disturbing, most portentous masterworks.

Such a triumph in Stravinsky proved all the more fortunate for coming after performances of the Bartok Music for Strings, Percussion and Celeste and Berg's violin concerto suggesting that the orchestra was currently a shade under form, and that the affectionate superlatives we normally lavish on the NYO might have to be stored away this once. The first-named received a particularly tentative reading. It was good to be reminded of the many difficulties Bartok has strewn across the paths of the strings, but the effect here was nervous and unmasterful, swimmy in passages that depend for their bite on unflawed rhythmic unanimity. Perhaps the root cause of insecurity was the large number of players fielded; in a chamber-orchestra score, it was the back desks, too far away from the beat, who seemed to be having greatest difficulty in finding it.

I have been hearing the Berg concerto fairly often of late (no complaints intended — I could happily hear it once a week for the rest of my life). Of the young violinists I have encountered who have taken this inexhaustible score into their repertory, Itzhak Perlman's mastery over it seemed the cleanest, the surest, the most invincible. Not the most moving: he was too definite, incising the *flautando* echoes and memories when one wanted a wider range of withdrawn, autumnal shadings. This very forthright reading, though it aligned itself with Boulez's no-nonsense mood, tended to show up the moments of less than firm accompaniment.

EUROPEAN NEWS

Italian government expected to resign after London summit

BY DOMINICK J. COYLE

ROME, April 21.

THE EIGHT-MONTH-OLD minority Christian Democrat Government of Italy is likely to resign formally shortly after Prime Minister Giulio Andreotti returns from the London summit meeting of the seven leading Western industrial countries next month.

However, it is expected that Sig. Andreotti will then be invited by President Giovanni Leone to form a new administration, the outlines of which, including an all-party agreement on policies, will have been agreed in advance of the Premier's resignation. This is the immediate political scenario as seen by those close to the present Government and, it is believed by Sig. Andreotti himself, although there remains the delicate task of reaching a broad measure of agreement with the principal opposition parties, notably with the Communists and the Socialists, on a common programme.

Discussions are taking place on the basis of an outline policy document prepared by the Socialists, and any overall programme would cover further measures against inflation, revised provisions for law and order, steps to ease the high level of unemployment, educational reform and state investment, especially in the depressed south.

It is probable, although not certain, that the Communists would then move away from their present policy of parliamentary abstention and support the new government directly. This would be limited to measures agreed to in advance. For the powerful Communist Party (PCI) such an outcome could be represented as a small step towards its stated goal of securing in Italy the grand alliance in government of all the country's democratic parties. It would involve no direct Communist representation in a reshuffled Cabinet, but one or two new Ministers might well be technocrats whose views reflect Communist and Socialist policies.

The central committee of the ruling Christian Democrat Party is expected to meet here next week to consider the Socialist programme "for a new government majority" to displace the present arrangement whereby the administration stays in office only because the Communists and Socialists abstain from certain parliamentary votes.

Sig. Andreotti and the party's General Secretary Benigno Zaccagnini have the task of trying to convince the Christian Democrats that such a new government would not amount to public acknowledgement by the party that Italian Communists have an effective veto regarding the formation of any new government and its policies.

Irish plea on torture contested by Silkin

By Our Own Correspondent

STRASBOURG, April 21.

THE IRISH plea before the European Human Rights Court here that British officials responsible for alleged torture in Northern Ireland should be prosecuted, was strongly contested to-day by the U.K. Attorney General, Mr. Sam Silkin, who argued that the court had no power to specify any such remedies.

The question of the Strasbourg court's ability to impose sanctions has become acute in this case, the first in the court's 18 years between two Governments. Mr. Silkin, who was winding up the British case in hearings that will end to-morrow, though judgment is not expected until September, told the 17 black-robed judges that the human right convention "never contemplated that th ecourt would make orders fettering a state's choice of means of giving effect to a decision of the court."

Britain admitted in the last hearing in February that its security force had used techniques amounting to torture in 14 cases in 1971. But Mr. Silkin assured the court at the time that this had long been stopped, would never recur, and adequate compensation had been paid.

Despite the British admission, Ireland has pressed ahead for a court endorsement of the Human Rights Commission findings last year against Britain. Specifically, it wants the court would make orders other cases in addition to the 14, and to order prosecution of British officials.

If he was ordered to take such a step, Mr. Silkin asked to-day, "who is to act as a court of appeal against my judgment? If my judgment tells me that to prosecute would be to persecute, who is to be empowered to review the exercise of that discretion that is inherent in my office." The Irish Attorney General, Mr. Declan Costello, said here earlier this week that it would be the Strasbourg Council of Ministers.

Mr. Silkin sought to-day to persuade the judges that their decision in February—that they could proceed to a judgment on the Irish plea—need not bind them, when they had given the matter more consideration. He also claimed that the human rights convention made allowance that "a democratic state which is fighting terrorism threatening the life of the nation" was not to be judged "as if all were as peaceful as a spring day in Strasbourg."

FRENCH COMMUNIST NATIONALISATION PLAN

Oil, steel and car groups earmark[ed]

BY DAVID CURRY

PARIS, Apri[l 21.]

THE FRENCH Communist party has formally proposed that six new groups be added to the list of companies to be nationalised should the Union of the Left come to power in the general election next March.

It has also outlined a full programme to improve wages and benefits including the right to retire at 60 on full pension. In addition, it is calling for a temporary freeze on industrial and consumer goods prices, a modern company tax, a special tax on profits caused by inflation and a wealth tax.

The main foreign policy initiative is to seek a French seat at the Vienna talks on force reductions in central Europe.

The Communist leader, M. Georges Marchais, meets M. Francois Mitterand of the Socialists and M. Robert Fabre of the Radicals of the Left on May 17 to discuss the updating of the common programme of the Left which dates from 1972.

Nine industrial groups, plus the financial sector not already nationalised, are earmarked for State take-over in the original common programme, though some of them have undergone radical restructuring since 1972. To this list the Communists wish to add the four groups which control the steel industry, the oil group CFP, in which the State already has a large minority stake, and the private sector motor concern Peugeot-Citroen. The U.S. owned Simca Chrysler is not on the list.

The steel groups are Denain-Nord-Est-Longwy which controls the giant Usinnor operation, the Marine-Wendel which is at the head of Sacilor-Sollac and Dilling, the small Chiers-Chatillon concern, and the diversified Empain-Schneider enterprise which has very substantial nuclear interests. Together with their subsidiaries, these six groups would bring some 200 companies into the State fold and take the final nationalisation tally up to more than 1,400.

The Communists want to raise the minimum wage (now Frs.1,590 a month) to Frs.2,200 a month and to raise wages above this on a decreasing scale.

It speaks of trying to keep top salaries at no more than five times the lowest wages in individual sectors. Retirement would be available at age 60 for men and 55 for women with a minimum rate of Frs.1,200 a month. The party also aims to insist that in round-the-clock processes, five rather than four teams of workers should be employed. The programme predictably talks of bilateral agreements to control the activities of multinational compani[es] attacks the dominance [of] West German and [...] currencies.

The proposals are not ra[dically] new though in several in[stances] they put precise figures to intentions in the origina[l] programme. Some pot[ential] dissension with the So[cialists,] like compensation for na[tionali]sation, are skated over an[d could] well cause problems in a[chieving] a joint version.

There is no attempt to c[ost the] programme—the need for [a] loan is mentioned—where [the] Socialists have become [more] cost conscious as part o[f an] attempt to prove that th[ey would] be efficient managers [of the] economy. The Socialists a[re] anxious to deflect charges [that a] left-wing Government [would] mean higher taxes and a [policy] which would inevitably sti[mulate] inflation.

Tough options for Swedish steel

BY WILLIAM DULLFORCE

STOCKHOLM, April 21.

A DRASTIC restructuring of the Swedish commercial steel industry, involving reduced production, closures, mergers and product exchanges, is foreshadowed in a Government White Paper published to-day.

Its author, Professor Lars Nabseth, told the Press the Swedish steel industry is not in a state of crisis similar to that of the shipyards, but urgent measures are needed to improve its profitability.

Mr. Nils Aasling, the Minister of Industry, has appointed Prof. Nabseth to co-ordinate negotiations among the three main companies concerned, the state-owned Norrbottens Jarnverk (NJA), Granges, Oxelosund steel works and Stora Kopparberg's Domnarvet works.

The White Paper assumes only limited possibilities for exporting commercial steels in the future and that the Swedish industry, which lacks the advantage of large-scale production available to the Japanese and others, must concentrate on supplying the domestic market. Consumption in Sweden is expected to reach 4.18m. tonnes in 1985.

Prof. Nabseth presents two alternatives. The maximum plan costing Kr.1.8bn. (£240m.) would leave the industry with a production capacity in 1985 of 3.86m. tonnes compared with to-day's 4m. tonnes. It would entail an improvement of roughly 20 per cent. in the industry's cost level compared with that of foreign steel works.

The minimum alternative, requiring a capital input of only Kr.800m., implies an unchanged cost ratio. It would reduce Swedish capacity to 3.175m. tonnes. Prof. Babseth acknowledged that some steelmakers would find his maximum programme too optimistic.

The maximum alternative would reduce the number of jobs by 3,800 to around 15,000 but could result in productivity being raised from 213 tonnes of crude steel per employee in 1975 to 311 tonnes by 1985. An anticipated loss of Kr.580m. in 1977 could be transformed into earnings of Kr.435m., assuming no change in prices.

The minimum alternative would mean 4,500 fewer jobs and a productivity improvement to 257 tonnes per employee a year. It would raise earnings to just over Kr.200m., it is estimated.

Mr. Gunnar Söder, Undersecretary at the Ministry of Industry, said the steel companies had three options: they could negotiate long-term co-operation agreements, set up a joint holding company or merge into one Swedish commercial steel concern. Talks are expected to start immediately.

EEC-U.S. accord on Paris talks

BY ROBIN REEVES

BRUSSELS, April 21.

U.S. AND EEC officials are in broad agreement on the aproach to be adopted towards the final negotiating round of the Paris North-South conference.

This has emerged from the two days of wide-ranging talks here on bilateral questions of common interest between a U.S. team led by Mr. Richard Cooper, U.S. Under Secretary of State for Economic Affairs, and Common Market Commissioners and officials.

Herr Wilhelm Haferkamp, Commission Vice-President for External Affairs, said they had found themselves in agreement on fundamentals and differed only on less important details.

Both sides agreed that possibilities for formal commodity agreements was limited. The aim should be more the stabilisation of export prices and earnings through a common fund having the character of a clearing house.

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Broad backing for Davignon plan

BY DAVID BUCHAN AND JOHN HUNT

STRASBOURG, April 21.

THE BRUSSELS Commission plan to stabilise steel prices and to restructure the European steel industry was given broad backing to-day by the Socialists, Christian Democrats and Liberal groups in the European Parliament.

Having also won the support on Tuesday of the EEC coal and steel consultative committee, Industry Commissioner Viscount Etienne Davignon now feels there is nothing to stop the compulsory minimum price for reinforcing bars—a product for which EEC market prices are at rock bottom—and voluntary indicative minimum prices for other products going into force on May 1.

For the first time Viscount Davignon put his estimate on the number of steel jobs in danger if nothing is done: 100,000 out of the total 700,000 EEC steel work force. He catalogued for the Strasbourg MPs, who had requested an emergency steel debate, the present troubles in the sector. Production in the first quarter of this year was 129m. tonnes compared to 156m. in the same period of 1974, capacity utilisation down to 56 per cent. in West Germany and Belgium, and order books an average of only two-three weeks work.

But the Commissioner strongly rebutted criticism from M. Terrenoire (French Gaullist) that the Commisison had acted too little and too late, and was not being protectionist enough.

This is also one of the many criticisms levelled this week at Prime Minister Raymond Barre's plan for French steel. Viscount Davignon told MPs that the real problem was prices, not imports which amounted to only 10 per cent. of total production. The Community was too dependent on outside raw materials to indulge in the luxury of protectionism.

EUROPEAN PARLIAMENT

Only modernising and restructuring would make the industry competitive, he said—subsidies could not. But the Commission, M. Davignon said, "was not about to sacrifice tens of thousands of workers to the dogma of economic liberalism." Adequate social measures would be taken.

On the wider question of reviving growth in the Community—on which the prospects for steel hang heavily—Viscount Davignon said he had hopes of the London summit next month taking action. But the long-term need in Europe was to diversify away from old-fashioned sectors like basic steel-making into new technology areas.

● With strong backing from British MPs, the European Parliament to-night passed a resolution condemning the French authorities for failing to hold an impartial inquiry into the case of Mr. Knud Nielsen, a Danish Socialist member of the Parliament, who alleges that he and three of his officials were beaten up by police in Strasbourg in 1975.

Mr. Nielsen, who to-night condemned the police concerned as "primitive hooligans," claims that the incident took place when he was unable to produce identity papers.

Mr. John Prescott, Labour MP for Hull East and leader of the British Labour delegation, said it was a matter of considerable concern and an impartial inquiry was the least the French could do.

Mr. Tam Dalyell, Labour MP for West Lothian, said there would be no dishonour if the French Government were now to admit that it was in the wrong over the affair.

● A SUGGESTION from Mrs. Elaine Kellett-Bowman, Conservative MP for Lancaster, that the EEC Social Fund should be used to finance a Community apprenticeship scheme was favourably received.

Her proposal would enable young workers to take up apprenticeships in other countries of the Nine. It would, for example, provide finance for a British teenager to receive training in Germany where there are at present more vacancies for apprentices than in the U.K.

Policema[n] killed in Rome rio[t]

By Paul Betts

ROME, April [21.]

ONE POLICEMAN was [shot] dead and a second ser[iously] wounded when vi[olence] erupted this evening at [Rome] University, following [a dis]orderly protest meeting [this] morning against the Go[vern]ment's recently annou[nced] education reform mea[sures.] A woman television rep[orter] was also injured.

Eye-witnesses said about 100 "extremists" [com]mandeered three buses [and] forced the drivers at gun[point] to erect barricades in [the] streets in the univ[ersity] neighbourhood.

The rector, Sig. Al[...] Ruberti, called in polic[e to] clear students who [had] occupied three faculties [which] they occupied after this [morn]ing's protest.

Rome University has [been] the scene of recurring stu[dent] violence this year, w[hich has] spread to a number of [other] Italian university c[entres,] notably Bologna, the scen[e of] major rioting last month.

The Bologna viol[ence] erupted following the deat[h of] a left-wing student, Franc[esco] Lo Russo, and a sl[ogan] scrawled in white chalk on [the] pavement beside the bod[y of] the dead policeman s[aid:] "Comrade Lo Russo has [been] avenged."

OVERSEAS NEWS

S. Africa to build air base by Mozambique border

BY QUENTIN PEEL

JOHANNESBURG, April 21.

SOUTH AFRICA is to build a big new air base in the eastern Transvaal near its border with Mozambique, and national service for conscripts is to be doubled from 12 months to two years.

The announcements were to be made in parliament to-day by Mr. P. W. Botha, the Defence Minister, when he launched a bitter attack on the West for "leaving South Africa in the lurch." However, details of the air base are not now officially to be announced until to-morrow.

Details of the new air base, contained in an advance release of the minister's speech, are confirmation of the rapid build-up of South Africa's air force. To be sited at Hoedspruit, on the edge of the Kruger National Park, the base was necessary to relieve congestion at existing bases such as Waterkloof and Swartkop outside Pretoria, Mr. Botha was to have said.

It was part of the air force modernisation programme, and planning was already at an advanced stage.

The siting of the base is also in line with the Minister's warnings of possible guerilla infiltration in border areas by both *Rhodesia and Mozambique when* he published his Defence White Paper.

The extension of national service was foreshadowed in the White Paper. Mr. Botha was to have said the new system, to be introduced from January 1, would mean a flexible period of national service ranging from 18 months to two years. At the same time, duty in *follow-up* training camps would be extended from 95 days to 240 days per man over a period of eight years, resulting in a period of active service of 10 years for all conscripts.

The Minister also announced the *formation of a special main*tenance unit for Coloured (mixed race) people, which would initially be commanded by whites, to be manned by volunteers and provide storemen, clerks, drivers, supply handlers and fuel truck assistants.

Speaking in the debate on the defence budget, Mr. Botha said it was about time the West realised how important South Africa was in the global strategy being waged by the USSR.

In the strongest official attack to date, the Defence Minister accused the west of abandoning South Africa in Angola. "Last year in Angola, when South Africa attempted, in the interests of the west, to pull the chestnuts out of the fire, we were left in the lurch at the most critical moment," he said.

He said that South Africa was involved in a low-intensity war, which was part of a marxist strategy. But, regarding Namibia (South-West Africa), the only area where the defence force is involved in a guerilla war, he promised that South Africa would remain as long as it was asked to do so, and if necessary *would* take further measures to protect the local population.

Mr. Botha said that South Africa was substantially self-sufficient in weapons and military *equipment*. He said *that* 57 per cent. of the country's requirements were supplied from local sources. If naval craft were excluded, the figure was 75 per cent. What he did not make clear was how those figures tally with the statement in the White Paper that only 45 per cent. of defence spending occurs inside South Africa. The R1.7bn. *defence budget this year is* 21 per cent. higher than that of 1976.

Mr. Botha said that it was not in the country's interest to discuss what equipment was received from outside sources, nor what those sources were.

Careful Rhodesia moves

BY OUR FOREIGN STAFF

THE JOINT U.S.-U.K. decision on the proposed constitutional conference on Rhodesia is unlikely to be made before early May, when President Carter and Mr. Cyrus Vance, the U.S. Secretary of State, are to discuss the matter with British Ministers in London.

Although London and Washington are keen to maintain the momentum generated by last week's visit to Africa by Dr. David Owen, the British Foreign Secretary, there is a growing realisation that the next phase of the joint strategy on Rhodesia must be carefully planned.

A new round of consultations towards evolving that strategy will begin to-morrow when Mr. David Aaron, deputy head of the U.S. National Security Council, will arrive in London for talks with Dr. Owen. It is thought that there will also be detailed discussions between State Department and Foreign Office officials during the next two weeks, before the issue is submitted to Mr. Carter and Mr. James Callaghan, the British Prime Minister, when they meet in London before the economic summit *on May 7*.

Neither the U.S. nor Britain seems to see this week's statement by the Rhodesian nationalist Patriotic Front, objecting to U.S. involvement in *the projected conference*, as a rejection of the new initiative. But the two governments will have to work out their own roles more precisely, and hold additional consultations with the *Patriotic Front*.

Meanwhile, Dr. Owen is thinking of opening a conference office in Salisbury, which would presumably co-ordinate technical and legal, as well as political, negotiations with the Smith regime and those nationalists still based in Rhodesia.

But, although this makes administrative sense if negotiations get under way, Mr. Smith might well interpret the move as a British or U.S. recognition of his government. Nationalist objections would follow.

Moroccans fight in Zaire

KINSHASA, April 21.

ZAIREAN and Moroccan forces have started a "general offensive" against invaders in the south-eastern province of Shaba (formerly Katanga) and are now ready to launch a final assault, the Government announced here to-night.

The offensive had been going on for three days, with forces loyal to *President* Mobutu moving to drive the invaders out of the towns of Mutshatsha and Kapanga, the statement said.

The re-capture of Mutshatsha *would be a major boost for the* Government troops, who were rolled back to the approaches of Kolwezi, *a* key copper-mining centre, after the invasion from Angola by exiled Katangans, started last month.

The communique indicated that Moroccan forces had been in combat for the first time since 1,500 of them arrived at Kolwezi last week to help the Zaireans. Kapanga, the northern-most town in areas held by the invaders, had not been mentioned in recent accounts here about Shaba, and *it appeared from the com*munique that a second front had been opened.

In Paris, the Congo National Liberation Front opposition group to-day denied Zairean claims that Government troops had captured two Front guerillas in Shaba. The Front said that President Mobutu's decision to use Pygmy tribesmen against the insurgents meant that they were being sent "to meet a massacre."

In **Rome**, a statement from Lt.-Gen. Nathaniel Mbumba, leader of the Front, accused Zaire forces of "genocide."

He said, "they get people together, *force them into their houses, and then burn the houses.* This has happened in the localities of Walembe, Kanzenze and Kayembe, in particular."

He denied that Angolans or Cubans were fighting with the Front.

In **Dakar**, the fourth Franco-African summit conference ended to-day with France pledging to help safeguard the *security of francophone African* states with which it has co-operation agreements.

Security was the dominant topic during the two-day meeting, *attended by French Presi*dent Valery Giscard d'Estaing and heads of state or other representatives of 18 African countries.

Agencies

Asian Development Bank appeals for more funds

BY MIGUEL SUAREZ

MANILA, April 21.

THE 10TH annual meeting of *the Asian Development Bank* (ADB) Board of Governors got under way here to-day with a warning that there would be no world security if Asia remained poor and urgent calls for more funds from donor countries lest the bank be forced to stop its concessional lending in 1979.

These were the two key points stressed respectively by President *Ferdinand Marcos of the* Philippines and ADB President Taroichi Yoshida in their keynote addresses opening the three-day meeting, attended by delegates from 41 of the 42 ADB member-countries and observers from international organisations.

In his speech, Mr. Marcos said 80 per cent. of the world's poor lived in Asia. Current economic crises meant conditions could deteriorate and new tensions and conflicts arise. "If a lack of economic security persists in this vast area of the earth," said Mr. *Marcos, "the rest of the world* cannot hope for security either."

Responsibility for ending world poverty lay not only with the developing countries themselves, but with the *rich nations* "who continue to benefit from their intercourse with the developing world."

For his part, Mr. Yoshida, who became the bank's president early this year, stressed the need to inject more funds into the bank's soft-loan window, the Asian Development Fund and other special funds which were *rapidly dwindling*. "*The bank* must initiate efforts fairly soon for a further replenishment of the Asian Development Fund (ADF) so that our concessional operations in the poorer member countries do not come to a halt in 1979," Mr. Yoshida said.

Australian uranium plea

BY ROBIN REEVES

BRUSSELS, April 21.

THE EUROPEAN Commission has asked Australia to give consideration to a bilateral framework agreement with the Community guaranteeing the delivery of uranium supplies.

The idea was put to Mr. Douglas Anthony, the Australian Deputy Prime Minister and Minister for National Resources, here to-day during informal talks with Herr Guido Brunner, the Brussels Commissioner for Energy Affairs.

Mr. Anthony evidently indicated that Australia was willing to explore the suggestion but he argued that any agreement ought to include other energy resources—coal was Australia's biggest export earner last year—and even stable markets for agriculture products.

Important sections of Australian agriculture have been hard hit by the protectionist nature of *the EEC's Common Agriculture* Policy, notably sugar and beef.

Kenneth Randall writes from Canberra: A future Labor Government in Australia would not consider itself *bound* by uranium export arrangements contracted by the present coalition Government, the Labor Opposition spokesman on energy Mr. Paul Keating told *Parliament* to-day.

"Any initiatives that the Fraser Government may take on uranium development do not lock a future Labor Government into such arrangements," he said.

Mr. Keating said the U.S., Japan and West Germany "have their backs to the wall on energy supply generally" and that these nations, together with Britain, are searching desperately for *assured uranium supply into the* next two decades.

"Australia can take great advantage of their discomfort by exacting concessions and commitments from *them* as to the future course of nuclear energy development,' he said.

"The Australian Labor Party is determined that this opportunity will not be *jeopardised or* thrown away by any subservience and compliance on the part of the Fraser Government in wanting to please these countries or to *curry favour* with our own domestic uranium producers.

"The Opposition is committed to opposing new mining development and the withholding of new uranium exports until it is satisfied that the hazards associated with nuclear industry have been overcome and the important question of waste disposal satisfactorily resolved."

Union and student pressure on Bhutto

By Our Foreign Staff

THE DECLARATION of martial law yesterday in Pakistan left unclear whether the armed forces will try to press the Prime Minister Mr. Zulfikar Ali Bhutto into making political concessions as the price of their support. The opposition Pakistan National Alliance (PNA) has demanded Mr. Bhutto's resignation and fresh elections.

Most worrying *for* Mr. Bhutto is that trades unions and students—the two powerful groups involved in the overthrow of former President Ayub Khan in 1969 — are increasingly joining agitation against him. The opposition alleges that the Government party's national election victory last month was tainted by widespread ballot-rigging.

Pressure on Mr Bhutto to resign and call new elections has mounted with the national general strike called by the labour unions. All activity in *the port of Karachi* has halted and there were no international flights from Pakistan on Wednesday.

In Hyderabad, retired Maj.-Gen. A. A. K. Niazi, a leader of the PNA, was arrested. He was said to have been detained under emergency regulations for making objectionable speeches. Gen. Niazi signed the surrender documents at Dacca in the 1971 war between India and Pakistan which led to the secession of Bangladesh.

In Athens, former Pakistan *Army chief, Gen. Gul Hassan*, called on leaders of the nation's armed forces to oust Mr. Bhutto and hold fresh elections. Gen. Hassan, who resigned as ambassador to Greece last week, told reporters that the situation in Pakistan was getting rapidly worse and could soon reach economic collapse.

Agencies

Egypt lifts travel curbs on Libyans

President Anwar Sadat yesterday told Government agencies to remove any travel restrictions that may have been imposed on Libyan citizens, Reuter reports. The order came only *hours* after a *protest* by a Libyan diplomatic mission that Egyptian authorities had prevented 40 Libyans from flying home on Wednesday.

Assad to see Carter

Mr. Jimmy Carter, the U.S. President, will meet President Hafez al Assad of Syria in Geneva on May 9, according to informed sources in Washington, writes Richard Johns. Yesterday morning Mr. Abdel-Halim Khaddam, Syrian *Foreign Minister, arrived in* Washington for talks with Mr. Cyrus *Vance, U.S. Secretary of State, to* prepare for the summit.

Bangladesh president

General Ziaur Rahman took over *as President of Bangladesh* yesterday, thus consolidating his already strong grip on the country, writes David Housego. He is already Chief Martial Law Administrator and head of the army. The *former President, Justice Abu Mohammed* Sayem resigned for what were officially described as reasons of "ill health."

NZ bus strike

A national bus strike in the main cities of New Zealand created havoc for commuters yesterday, Dai Hayward writes from Wellington. The strike was to continue *to-day and to be repeated* for two days each week until protesting bus men have a satisfactory agreement on wage claims.

Sahara battle claim

Polisario guerillas have killed 75 Mauritanian soldiers and wounded 46 in an attack on the Mauritanian village of Tichla, the "*Defense Ministry*" *of the self*-styled Sahara People's Republic claimed in Algiers yesterday, UPI reports. Polisario is fighting for the independence of the former Spanish Sahara, which Madrid handed over to Mauritania and Morocco in 1975.

Front off to Dar

The Rhodesian Patriotic Front led by Mr. Joshua Nkomo and Mr. Robert Mugabe is to establish its headquarters in Dar Es Salaam, our Lusaka correspondent reports. The decision was reached at a meeting of *the organisation's* co-ordinating committee in Lusaka this week.

Drought talks

Delegates from six West African nations arrived in Nigeria yesterday to discuss ways of dealing with severe droughts like the one which ravaged the region four years ago, UPI reports from Lagos. Scientists from Chad, Kenya, Niger, Senegal and Upper Volta joined a Nigerian delegation for the four-day conference in Kano province.

ISRAEL'S OCCUPIED TERRITORIES

Good intentions, poor results

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT, RECENTLY IN TEL AVIV

THE WEST Bank and the Gaza Strip will have experienced 10 years of Israeli military rule in June. At the outset the Israelis were full of good intentions. The occupation was to be an enlightened administration *carried out by humane officers* fully conscious of the problems and unpleasantness of overseeing a subject people.

It was the first chance for direct contact between Israelis and Arabs who were part of the Arab world and as such it was to be a show case example of the kind of co-operation that was possible between the two sides. *Over the years* all this has fallen by the wayside. Now all pretence that co-operation can exist at anything other than the level of expediency has been dropped.

Looking back now it is not hard to see why these good intentions have foundered. The Government has never had a clearly defined policy towards the Occupied Territories—partly *because the Cabinet itself could* never agree, partly because it was not known, and is still not known, how long the territories would remain in Israeli hands. A certain ambiguity has thus suited the Government.

Nevertheless there have been two overriding considerations which have conditioned Government action. The first is that *any security threat to Israel from* within the Occupied Territories be eliminated; the second that "facts" be created on the ground which would influence any future settlement in Israel's favour. Hence the annexation of East Jerusalem and the string of new settlements ringing Gaza and in the West Bank.

Given these considerations, *there was from the start an* inevitable clash between Israeli interests and those of the local population. Israel's concern with security has led to a recurrent series of arrests, interrogations, imprisonments, deportations, curfews and random identity checks carried out on occasions with brutality.

Meanwhile, the Judaisation of *Jerusalem, as a determined act* of political will, and the creation of settlements have aroused fears among the local population of a Greater Israel. The cumulative effect on Israel's pursuit of these two objectives has been to create a sullen, and at times *violent, resentment which has* become an insurmountable hurdle to any genuine co-operation.

The older generation of Arabs has become more despairing of a solution and more weary of protest. There is more talk outside the Occupied Territories of a separate Palestinian entity being established but after 10 years many of the older generation in the territories are only prepared to believe in a settlement when they see it happen. *They regard the Palestine Libera*tion Organisation as their spokesman but now would not turn their back on King Hussein if that were the *only* option.

Militancy and resentment against the occupation is now chiefly expressed by the young, especially by a large number of high school boys and girls entering their teens who have known *nothing by life under the* Israelis.

Felicia Langer, a prominent Israeli lawyer, said in a recent report that "the tenth year of the occupation can be appropriately named the year of children's resistance . . . their resistance manifests itself in the form of demonstrations, graffiti, improvised leaflets sometimes *scribbled in handwriting* recognisable as coming from a school-child on a sheet of paper torn from a school copy book." But she notes that occasionally the manifestations can be more violent, such as the burning of tyres or the throwing of stones at *the Israeli defence forces*.

West Bankers say the Israeli authorities are trying to come to terms with this new militancy in several ways: Teachers suspected of incitement are removed and *sent to remote areas*, pupils considered troublesome are transferred to different schools.

Those pupils arrested are fined heavily. The usual fine is Isr.£10,000 ($625) which only their parents have the means to pay, and then often with difficulty. Finally, all people between the ages of 18 and 26 who leave the country require special permission to return within six months and those who return require the same permission to leave again within six months. Teachers at Beir Zeit College, which will become a fully-fledged university in 1979, see this as an attempt to restrict the flow of educated people.

The frustration and bitterness of youth are fuelled by the small and largely unattractive labour market for those with education. The smooth integration of the West Bank and Gaza economies *into Israel's is often regarded as* Israel's chief success in the Occupied Territories. Certainly there is more work available and more money in circulation than *under Jordanian rule, or Egyptian* in the case of Gaza.

But the other side of the picture is that Arab *merchants*, afraid to risk capital for fear of paying taxes or being called collaborators, have eschewed investment. The jobs created *have been for unskilled and semi*-skilled labour, arising from the expansion of Jerusalem and a labour shortage in Israel. For the educated, the jobs available are few and far between.

Where possible, the educated *are seeking opportunities* outside, in Amman or the Gulf, and the Israelis are not discouraging this. But the less *educated are now also* taking part in this exodus. One foreign economist estimated that the Arab labour force in Israel from Gaza and the West Bank had dropped by about 10,000 to 65,000 over the past year.

This has been mainly caused by the slowdown in the Israeli economy, especially a decline in housing starts. Israel is losing some *vital labour—and* dependence upon Arab labour, given the more or less static balance of immigration, has been one of the most important consequences of the 10-year occupation. Equally, there is concern, mainly on the West Bank, that the territories are being denuded *not* only of their most highly educated people but also of the more enterprising workers.

What may prove historically the most important consequence of the occupation is the gradual breakdown of the barriers that *existed before 1967 between the* Arabs in Israel and those on the West Bank. Particularly in the past two years, contacts have increased and the Israeli Arabs are coming to see themselves more as Palestinians living in Israel as second class citizens.

As long as Israel fails to come to terms with the problem of how to treat its own Arab population (*which contains 200,000 voters*) these people will tend to identify with the resentments of those in the Occupied Territories and their aspirations for independence.

Protests mark independence day

Demonstrators staged protests at many places on the Israeli-occupied West Bank of the Jordan and police made dozens of arrests yesterday while Israel celebrated 29 years of independence, Reuter reports from Tel Aviv. Security sources said several dozen Arab youths were detained at Ramallah, Nablus and the Kalandia Palestinian refugee camp. Eyewitnesses said police used tear gas to disperse the demonstrators in Nablus and Kalendia.

The demonstrators, mainly schoolchildren who stayed away from classes, set fire to tyres in the streets and stoned passing police and soldiers, military sources said.

PRESIDENT CARTER'S ENERGY PLAN

The heart of our energy problem is that our demand for fuel keeps rising more quickly than our production

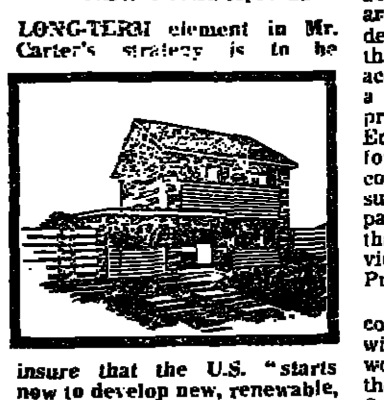
—*Carter*

Heating and insulation

By Jay Palmer

NEW YORK, April 21.

LONG-TERM element in Mr. Carter's strategy is to be



insure that the U.S. "starts now to develop new, renewable, unconventional and essentially inexhaustible sources of energy." To achieve these aims, the President has proposed a series of new laws, administrative measures and tax incentives to promote the use of solar energy and insulation materials in federal buildings, offices and homes. He said he wants 90 per cent. of all structures to be insulated and 2½m. homes to be solar-powered by 1985.

Of all these energy sources, only nuclear power stands as a proven possibility for the country as a whole.

As far as nuclear power plants are concerned, the President stopped short of harsh restrictions. He merely committed the U.S. to defer indefinitely commercial reprocessing and recycling of spent fuels, ordered greater safety standards for plants and said that guidelines would be drawn up to prevent new plants from being located in residential or valuable natural areas.

Oil companies pleased and relieved by the President's proposals

BY RAY DAFTER, ENERGY CORRESPONDENT

PRESIDENT CARTER'S energy package has pleased oil companies on two basic counts. If successful the conservation measures will have a significant impact on the free world demand for oil and, indirectly, the price at which it is traded. Secondly, from a self-interest point of view, companies are relieved that the Government will put on ice plans for breaking up energy groups.

Most of the major oil companies have deliberately diversified into other energy forms, such as coal, nuclear power, solar energy and oil shale. In effect, they have been told that they can carry on, providing they do not abuse their strength and they are more open in the way they deal with accounts. In effect, they will have to break down the accounts of their businesses to a greater extent than done at present. The International Energy Agency is also pressing for the publication of more intra-company trading information, such as transfer prices. Companies were confident, yesterday, that they would be able to provide the information sought by President Carter.

But it will be the President's conservation measures which will have the major impact on the world energy scene. The U.S. is the biggest single oil importer. One industry survey shows that if the country adopted the European mix of cars, as opposed to its present "gas guzzlers," some 3m. barrels a day could be cut from its consumption. That is more than the U.K. North Sea oil fields will be producing in the early 1980s.

At present petrol use accounts for almost three-quarters of America's transport demand, which itself takes care of about half of all the oil consumed. President Carter has chosen to attack the two basic reasons for this high petrol consumption: The low consumption of most U.S. cars and the relatively low petrol prices.

British Leyland pointed out that American cars had an average consumption of about 14 miles per gallon. American Federal regulations would impose an improvement to the equivalent of 33 mpg by 1985: as a result, American cars would become smaller and more in line with European vehicles.

The Institute of Petroleum highlighted the cheapness of U.S. petrol. American motorists pay the equivalent of 42.5p a gallon for regular grade petrol, less than half the U.K. price. And British petrol is cheaper than most in Europe: Regular grade petrol in Germany costs 99.5p a gallon, in France it costs about £1.14 a gallon and in Italy it costs £1.45

It was generally agreed that the U.S. is proposing a tough target for reduced oil imports. While the prediction that without conservation imports could reach 16m.b/d by 1985 is seen by many as an over-pessimistic view, the target of 6m.b/d is regarded as extremely optimistic.

If the U.S. manages to hold its imports at the present level of 8m.b/d the free world growth in oil consumption will be cut by half. As one U.K. oil executive put it: the effect would be the equivalent to the world finding another oil province the size of Saudi Arabia.

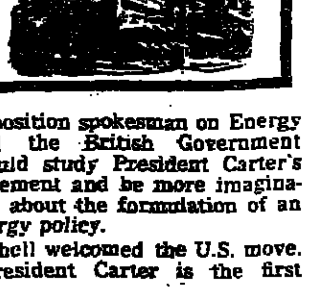
Te release of this pressure on world oil supply and demand in the 1980s and 1990s could help to dampen future price rises—although no oilman sees price reductions on the horizon—as well as provide the major energy consumers with a few more years in which to develop alternative fuels.

It would also release the U.S. from energy dependence on one of the most volatile areas of the world.

Officials of the Organisation of Petroleum Exporting Countries were among those who welcomed President Carter's initiative. The decision to raise the cost of American-produced oil to $13.50 a barrel was seen as a vindication of the more "realistic" crude costs introduced by OPEC in recent years.

The Japanese Government "valued highly" the U.S. plan which was expected to produce "desirable effects" on the world energy supply and demand relationship. But most Japanese officials and businessmen were more sceptical. The prevailing view in Tokyo was that the plan would do more to draw attention to the American and world energy problems than to solve it. Mr. Carter was also suspected of being more interested in conserving domestic U.S. energy resources than in slowing down the growth of imports.

In London Mr. Tom King, the



Opposition spokesman on Energy said the British Government should study President Carter's statement and be more imaginative about the formulation of an energy policy.

Shell welcomed the U.S. move. "President Carter is the first world leader to dramatise the real energy problem that the world will confront if appropriate action is not taken."

The company thought, however, that price-led savings might be diluted by the inelasticity of demand. In addition, investment in existing and alternative energy schemes had not received the attention it deserved.

John Wyles adds: Shipbuilders and shipowners' hopes that rising consumption of natural gas in the U.S. would underpin a significant increase in the world's fleet of natural gas carriers appear to have been dashed by President Carter's energy statement.

Liquefied natural gas transport has been seen as one of the major growth areas for shipping and it had been expected that U.S. import requirements would account for a significant proportion of the seaborne trade by 1990. President Carter's statement was by no means precise on the subject but his proposal to tax large industrial users of oil and natural gas in a bid to boost the use of coal will work to natural gas' disadvantage.

Up to ten projects for importing LNG into the U.S. over the next ten years have been firmly planned and another nine have been in various stages of discussion. It now seems unlikely that many of these will reach their final stages. Four projects are currently seeking approval from the Federal Power Commission, largely involving LNG imports from Alaska and Canada.

OIL CONSUMERS AND PRODUCERS*

Millions of barrels a day	1974	1980	1985
United States			
Output	10.4	10.8	11.6
Demand	15.9	19.8	21.0
Imports	5.8	9.3	9.7
EEC			
Output	0.3	2.5	3.3
Demand	10.6	11.0	13.2
Imports	11.3	9.4	10.8
Japan			
Output	0.01	0.03	0.07
Demand	4.8	6.4	8.2
Imports	5.3	6.9	8.8
OPEC			
Exports	28.9	30.6	35.1

* World Energy Outlook: OECD 1977.

Gloomy forecast for 1980s

IN THE absence of greatly increased energy conservation, projected world demand for oil would approach productive capacity by 1980, and substantially exceed it by 1985, according to the U.S. Central Intelligence Agency (CIA).

In its report "The International Energy Situation," the CIA forecasts that world demand for OPEC oil will be 47-51m. barrels per day (b/d) by 1985. This would imply Saudi Arabian output of 19-23m. b/d, which is approximately twice current production, and significantly higher than projected expansion plans would allow for. The CIA doubts whether Saudi Arabia would be able or willing to expand capacity to the higher levels

Alternative oil supplies are not likely to come on stream fast enough to alter this situation, partly because the Soviet Union will shift from being a net exporter to a net importer of oil, with import demand for oil by the USSR and Eastern Europe rising to 3.5m.-4.5m. b/d by 1985.

Within the OECD the only increase in oil ouput is likely to be 1m. b/d, from the North Sea. The developing countries which are not members of OPEC will have an import demand for oil of 3-4m. b/d by 1985, even if their growth rate slows to 4.5 per cent. a year, below their current trend of 5.6 per cent.

Coal: a cautious welcome

By Jay Palmer

NEW YORK, April 21.

PRESIDENT CARTER deliberately waved both a stick and the carrot in front of the U.S. coal producers in his energy address to the nation. Explaining the ways in which his Administration will work to de-emphasise oil and gas, in favour of boosting demand for coal, he warned that he wanted industry production increased by more than a third to 1bn. tons a year by 1985.

As long as this target was achieved, he strongly hinted, there would be no need to force the huge energy conglomerates to divest their coal subsidiaries. Although the trend of oil and gas company entry into coal mining "merits continuous close attention . . . it does not appear that new laws mandating divestiture are required to promote competition. This conclusion is subject to change."

Although the very largest U.S. coal producers and the National Coal Association (NCA), the industry's spokesman in Washington, this morning reacted with enthusiasm to this part of the President's message, there remains some deep concern over what many see as basic inconsistences.

"We can easily meet the President's target," a spokesman for Peabody Coal, the subsidiary of Kennecott Copper and America's largest single coal mining company, said this morning. "But the President has not answered any of the basic problems like, for example, how the coal is to be transported. America just does not have enough coal barges or railroad cars and nothing has been said about slurry (liquified coal) pipeline grants."

The NCA goes one step further. This morning it sent a telegram to the President applauding his decisive action but expressing "deep concern" over "fundamental inconsistance which could prevent production targets from being achieved."

Specifically the NCA said that, to achieve targets, the Government would first have to liberalise air quality restrictions, second, lift current prohibitions on surface mining, and, third, prevent investment capital from being squandered on expensive conversions of plants from oil to coal when the money is needed to build new coal units.

As far as the U.S. industry is concerned, the President—aside from emphasising that the Administration will work to sharply lift coal demand—said very little. He did not lift the environmental restrictions that effectively ban strip mining, he offered no cash incentives for coal producers to explore new technology to recover reserves now classified as marginal, and he failed, as one company put it, to realise that to achieve his target "we must be free to mine anywhere

The U.S. industry consists of an estimated 5,000 mines and more than 1,200 mining companies. But this huge number is somewhat misleading. Last year, of the 650m. tons of coal produced from mines in 24 states, more than half came from the 15 largest companies.

Car industry facing major upheavals

BY STEWART FLEMING

NEW YORK, April 2

IF President Carter's energy programme were to be put into effect as it stands, the U.S. auto industry would be faced with a complex and sudden shift in its operations of almost unprecedented proportions. President Carter's proposals, with their emphasis on accelerating the federal government's pressure for fuel economy, would produce new design pressures on top of those already faced by the industry. The special tax on heavy fuel consumption cars, which could reach $2,500 per vehicle by 1985, would upset all those carefully worked out marketing strategies which the motor industry's market research teams have been producing. The additional taxes on both petrol and crude oil at the wellhead would also have an impact, as yet uncertain, on the American consumer's purchasing habits.

It is scarcely any wonder, therefore, that some companies —Chrysler, for example—were not commenting on the energy package this morning, arguing that the implications of the whole package are so complex that it is simply too early to issue any statements.

What comments there were, to some extent were predictable. Thus American Motors, the fourth largest U.S. car company and the specialist small car producer, welcomed the proposals. American Motors can see that if extra pressure to buy smaller, fuel-efficient cars is brought to bear, then along with imports it could be one of the prime beneficiaries.

The U.S. motor industry is already spending billions of dollars in its efforts to meet the fuel economy standard of 27.5 miles per gallon by 1985 already required by law. That standard is for a fleet average; thus to the extent that a company sells a lot of small cars with high fuel economy it can, as the law stands, sell more big cars of low fuel economy.

But the President's new proposals move away from the fleet average concept with a complex table of duties and levies for each car. Levies on "gas-guzzling" cars would rise each year on each car to the $2,500 peak for cars which average less than 11 miles per gallon in 1985. Cars wtih low fuel consumption would qualify for rebates of up to $473 for the most economical.

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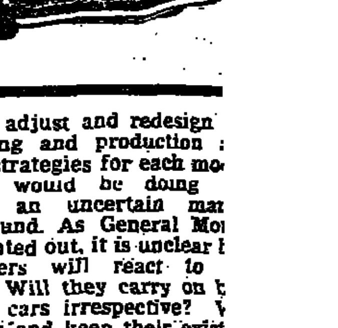

have to adjust and redesign
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background. As General Mo
has pointed out, it is unclear
consumers will react to
levies. Will they carry on
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longer and bear the extra f
costs? Will they switch to sm
ler, perhaps imported cars w
high fuel economy?

It is this last point which
of special concern. It is not
that a switch to smaller c
might mean lower profits a
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industry. Because smaller c
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At one stage early leaks
the President's proposals s
gested that imported, fu
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In general, it seems cert
that the motor industry will tu
out to be one of the strong
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of President Carter's proposa
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in political circles that the p
posed petrol tax, already u
popular in the country, will n
make it through Congress. B
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industry for the economy as
whole.

Congress backs the goals but questions the means

BY DAVID BELL

WASHINGTON, April 21.

PRESIDENT Carter told Congress before he began his speech last night that he did not expect very much applause and there was little to be heard

Few Congressmen quarelled with the goals that Mr. Carter set last night but meeting them is another matter despite the fact that both the House of Representatives and the Senate are heavily Democratic.

The leadership of both House and Senate pledged support and new omnibus committees have been set up specially to guide all the different pieces of legislation that the President's proposals call for through the legislature. But Congressman Thomas O'Neill, the Speaker of the House, summed up the overall reaction. He gave the plan his "wholehearted support" but said that the President "is going to have to give us some help along the line."

Mr. Carter is well aware that he will have to make some concessions and the most likely area is in the proposal to introduce a new tax on petrol if national consumption of petrol does not fall. Democrats and Republicans have united in opposing this because of the effect that it will have on their constituents and the President may well modify or perhaps even scrap the tax if he has to in order to get other parts of the proposals passed.

The Republicans who favour much greater incentives to oil producers made no secret of their objections to the plan, but they have so far failed to publish their own energy plan which, they claim, will do more to stimulate production than Mr. Carter's. At the heart of their reaction is a difference of approach with Mr. Carter stressing on the overriding need for conservation. The Republicans are less convinced that this is necessary.

There is also going to be a serious struggle between the regions represented in Congress, a struggle to which the President more than once referred last night. Governor Dolph Briscoe, of Texas, described the plan this morning as aimed like a cocked gun at Texas because of its effect on the State's oil and gas industry.

Support from the EEC

EEC COMMISSION leaders expressed strong hopes that President Carter's energy declaration will accelerate progress towards an EEC common energy policy, writes Robin Leeves from Brussels.

Herr Wilhelm Haferkamp, the Commission Vice President for External Affairs, told a Press conference that Brussels viewed President Carter's message as "extremely important and very courageous." It set a good example to those in Europe who, after ten years of talking, are still hesitant to commit themselves to a common energy policy.

Herr Guido Brunner, the Commissioner for Energy Affairs, particularly welcomed Mr. Carter's statement that the problem of enriched uranium supply for Europe would have to be evaluated differently from other parts of the world. He said he was confident that normal deliveries of highly-enriched uranium to community countries will resume within weeks rather than months.

Mr. Richard Cooper, the U.S. Under-secretary of State for Economic Affairs, who was also present, confirmed Herr Brunner's optimism saying deliveries would resume.

Herr Brunner said the EEC ought to be inspired by President Carter's declaration to take similar stringent energy saving measures. Europe would be in a "bad fix" by the 1980s if it did not act. The Commission will present an energy conservation plan to the Council of Ministers in June, he added.

● In Paris, the International Energy Agency (IEA) welcomed the package: "President Carter has recognised that oil is not going to be an energy source for ever. The details of the programme appear responsive to the American situation, and the general thrust of the Carter plan will, we think, be an example for other countries," an IEA spokesman said.

● In Bahrain, officials of Gulf oil-exporting states said the Carter proposals vindicated their own view that oil was a commodity too precious to squander, and justified price policies of the Organisation of Petroleum Exporting Countries. They noted tax proposals which would raise the cost of American domestically produced oil to $13.50 a barrel equivalent to the price of oil delivered to the U.S. by OPEC countries.

Leyland not too worried

BY OUR INDUSTRIAL STAFF

THE FIRST reaction from British Leyland, which is the principal exporter of British cars to the U.S., is that President Carter's proposed tax on "gas guzzlers" would not have a significant impact on sales. The immediate effect would be to add some $150 to the price of the Jaguar XJ12 models, but the bulk of Leyland's sales in the U.S. are of sports cars and other models with a relatively low fuel consumption.

The impression among importers is that the new energy measures will have a much less serious impact on the car market than the miles-per-gallon regulations, due to come into force next year. Under these rules domestic manufacturers and importers will have to meet certain fuel economy targets based on the weighted average of their sales.

In 1978 the target will be 18 miles per gallon (America
gallon), rising in 1985 to 27
miles per gallon, equivalent to
British figure of 33 miles pe
gallon. British Leyland wou
have no difficulty in meeting th
target in the early years, but th
1985 figure could pose problems
especially if the company co
tinues to emphasise the sale
large cars like the Jaguar
order to improve profitabilit
The Japanese manufacture
whose sales are virtually all
the small economy saloon ty
will be largel unaffected
these changes.

In the longer term Briti
Leyland sees the gradual develo
ment of smaller, lighter ca
with more efficient engines.
the year 2000 the compa
suggests, cars may be expect
to double the distance they w
travel on a gallon, from t
present 28 miles on average
58 miles.

OTHER AMERICAN NEWS

Slowdown in U.S. consumer price rises as winter effects recede

BY DAVID BELL

WASHINGTON, April 21.

THE U.S. consumer price index rose a seasonally adjusted 0.6 per cent. last month as the rate of increase in food prices, largely caused by the severe winter, began to slow down.

The Labour Department said that the March rise translates into an annual increase of just over 7 per cent., or about half the annual rate suggested by February's 1.0 per cent. rise. A spokesman said that to-day's statistics suggest that the worst of the weather-induced inflation in food prices may be over for now but noted that the drought in California and lingering weather problems in the Mid-West may cause further increases later in the year.

The index also reflected the sharp increase in the cost of heating homes during the cold winter. This increase, which is now coming home to people as they receive gas and electricity bills, has been causing severe problems for lower income Americans. Utility companies are now disconnecting, at a record rate, those people who have not paid their bills.

In a separate set of statistics for preliminary real earnings in March, the Department said that real spendable earnings fell last month by 0.1 per cent.

In the first three months of this year the consumer price index has been rising at an annual rate of 10 per cent., which is well above the Administration's estimate that the underlying rate of inflation is about 6 per cent. It was this which played a major part in persuading President Carter to abandon his plan to provide extra stimulus in the U.S. economy this year. But officials are likely to cite to-day's figures as preliminary evidence that things may be returning to normal.

Tory joins Trudeau

By Victor Mackie

OTTAWA, April 21.

PRIME MINISTER Pierre Trudeau announced to-day that he has taken Mr. Jack Horner into his Cabinet as Minister without Portfolio. Mr. Horner had announced that he was leaving the Conservative Party to join the Liberals, giving the Government its only MP from the province of Alberta.

Mr. Horner's defection has caused widespread repercussions in Canada, as it means the Liberals have regained a foothold in Alberta, which has long been regarded as a Tory stronghold.

U.S. Steel prices warning

BY STEWART FLEMING

NEW YORK, April 21.

U.S. STEEL, America's largest steel-maker, this morning announced it is "examining in detail" the possibility of instituting yet another round of price rises "on its broad product line" to compensate for sharply increased labour costs.

Mr. David Roderick, president, stressed that it was too early to predict the size or the timing of the forthcoming price rises which would inevitably have a substantial inflationary impact by triggering-off indentical price adjustments by most other steelmakers.

Speaking at a news conference, Mr. Roderick emphasised that U.S. Steel would discuss any price changes with the Carter Administration as and when it finishes its present review of costs and market factors.

This clear warning of a steel price rise comes against the background of a still disturbing upward trend in the wholesale price index and at a time when President Carter is renewing his pleas for voluntary wage and price restraint.

Mr. Roderick said U.S. Steel and many other steelmakers have had a dismal first quarter profit performance because of very sharp increases in the costs of wages and raw materials.

ARGENTINA'S RETREATING GUERILLAS

A ride on the Graiver train

BY ROBERT LINDLEY IN BUENOS AIRES

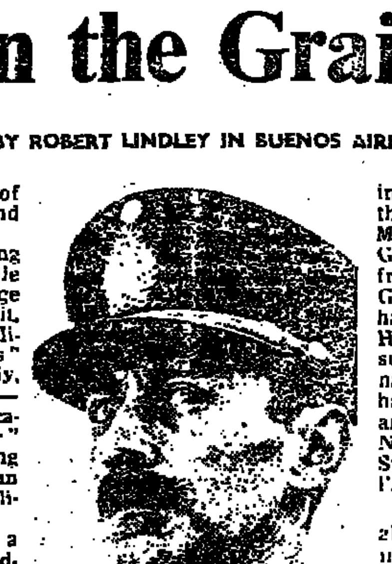
IN ITS first full-scale report on subversion in Argentina, the army has announced the end of the guerillas as a paramilitary force. "They are limited almost wholly to murdering and terrorism," said the army's intelligence chief, Brig.-Gen. Carlos Alberto Martinez.

This has been obvious for months, but the army has never said it before and army commander-in-chief, President Jorge Rafael Videla, in a speech introducing the report, abandoned his usual reserve and said: "We are almost close enough to caress victory against sedition." Maj.-Gen. Roberto Viola, chief of staff and the army's number two man, closed the report saying subversion would soon be defeated.

In a four-hour lecture session for 300 local and foreign journalists, which included a convincing display of charts, maps and slide-projected photographs, Gen. Martinez and the operations chief, Brig.-Gen. Luciano Adolfo Jauregui, traced the guerilla movement in Argentina from its beginnings in 1961, the year the Marxist People's Revolutionary Army (ERP) was formed, through the year from mid-1974 to mid-1975 when the movement was at its zenith, attacking army garrisons with some success, to its present decimated state. The ERP has only about one tenth of its maximum fightng force left, they said, and the Montoneros, also extremely Left-wing but nominally Peronists, only about a fourth of theirs. Over the past 11 months there has been no fighting in Tucuman province in the remote north-west where the ERP earlier moved into a wide swathe of dense woods and plateau and declared it a "liberated zone."

With guerilla leaders fleeing the country and rank and file guerillas deserting "in large numbers," as Gen. Viola put it, it would indeed seem that militarily the "special formations" in Argentina—and, incidentally, in the rest of Latin America—are defeated. With the implications of "the Graiver Affair" spreading daily, it is becoming obvious that their finances can be little better than their military situation.

Lt-Gen. Videla, who left for a state visit to Paraguay on Wednesday, has broken his silence on the affair, which has become a national scandal of the first order. "It is something spectacular," he said in his introductory speech and went on to speak with uncharacteristic passion, of the impact of subversion on Argentina, apologising afterwards for his "emotion," saying it was because of the "circumstances."



President Videla . . . uncharacteristically passionate.

The Graiver Affair began with the reported death in August of David Graiver. A first generation Argentine with literary ambitions until, in 1970, at the age of 29, he became president of a bank in La Plata, capital of Buenos Aires province. The bank, the Banco Comercial de La Plata, had just been bought by his father Juan, who left his native Poland in 1932 and settled in La Plata, where he started his rise to comparative wealth as a street peddler. With his son David as president, the Banco Comercial started opening agencies and branches in La Plata and soon had a branch in Buenos Aires. David soon persuaded the Archbishop of La Plata to transfer the account of the archdiocese from the Banco Rio de La Plata to the Banco Comercial.

Meanwhile, David was named Under-Secretary of Social Welfare during the 1970-71 regime of Lt.-Gen. Alejandro Agustin Lanusse, a military dictator with an anti-Peronist background but who nevertheless handed over the Government to elected Peronists in March, 1973. David Graiver is said to have become a friend of Jose Gelbard, an industrialist who was to become the Peronist's first Economy Minister and who, like Juan Graiver, was a Jewish immigrant from Poland. Then David Graiver, who in the meantime had acquired the Banco de Hurlingham in a Buenos Aires suburb, turned into an international banker: he is said to have acquired the American Bank and Trust and the Century National Bank in the United States and the Banque pour l'Amerique du Sud in Brussels.

Where did David Graiver get all the money? While announcing on Tuesday that the military junta on that day had ruled that the ill-gotten gains of Juan Graiver, Isidoro—Juan's other son—and David Graiver's second wife Lidia were to be confiscated along with the fortunes of three others in "the Graiver group," President Videla said that "the Graiver group worked for subversion."

According to reports in Argentine publications over the past fortnight which appear to be based on leaks by the Buenos Aires Provincial Police, at some point—possibly 1970—the Montonero guerilla group started delivering money accumulated from hold-ups, extortion and ransom to David Graiver. According to these reports, Sr. Graiver deposited the Montoneros' cash in his banks, invested it in the Graiver group's expanding industries and paid them interest. With David Graiver's presumed death in Mexico in the crash of an aircraft which he had chartered to fly him from New York to Acapulco, the $50m.

Graiver house of cards collaps
The Montoneros alone, it
said, lost $17m. ($12m. pl
accumulated interest). If tr
it was a stunning blow to t
only guerilla group left
Argentina with any strik
power at all—most of it, if t
army report is correct, in
greater Buenos Aires and
Plata areas and a little way
the banks of the River Pla
from Buenos Aires.

Not surprisingly what, with t
bankruptcy of the Grai
empire after David Graiver's p
sumed death, there are dou
that he was aboard the charte
jet when it crashed and specu
tion that he has made off wi
fantastic fortune.

The Graiver case now is in
hands of the First Army Co
garrisoned here, and on Tuesd
President Videla vowed that
investigation "will be carried
its ultimate consequence
Already jailed are at least
allegedly in the Graiver gro
including the six whose poss
sions were confiscated. One
those jailed is Jacobo Timerm
editor of the independent Bue
Aires daily La Opinion. Edga
Sajon, a Timerman associate a
the Press secretary of G
Lanusse when he was preside
has been missing since April

The fact the Graivers
Jewish is causing uneasin
among the 0.5m. Argent
Jewish community: Argent
reactionaries have always be
quick to blame Jews for wh
ever goes wrong in the count
However, many in the Jew
community here have lost t
deposits they made in Da
Graiver's banks.

Soviet call for more compensation in trade with U.K.

BY MARGARET HUGHES

A MAJOR problem in Anglo-Soviet trade is that British companies appear reluctant to become involved in compensation deals on which the Soviets are placing increasing emphasis.

This was made clear by Mr. V. I. Klochek, head of the Soviet Central Economic and Planning Department when he spoke to the annual conference of the British-Soviet Chamber of Commerce in London yesterday.

Both the Soviet Union and Britain must work hard to raise Britain's share of Soviet foreign trade, he said. At one time Britain was one of the Soviet Union's leading Western trade partners but it had now slipped back to seventh place. Over the past two years, however, he said that there had been a significant improvement in two way trade with turnover up 50 per cent. in 1975 and 1976 compared with 1974, while Soviet imports of British goods had increased more than two-fold.

Over the same period British industry had received more orders for machinery and equipment than ever before and the Soviet Union now viewed further growth of British exports with optimism. Just recently, Mr. Klochek pointed out, some of the biggest contracts in the history of Anglo-Soviet trade relations had been signed and he cited as an example the £100m. gas pumping contract awarded to the COBERROW consortium last year and the £50m. order placed with CJB for polyethylene plant.

Currently talks are under way between Soviet officials and British companies on the purchase of roubles 1.5bn. (more than £1bn.) worth of machinery equipment and licences. Among the biggest of these are believed to be deals worth some £100m. for methanol plant.

Specialisation and joint manufacture of commodities are becoming "increasingly important factors" in the Soviet Union's foreign trade relations and this was a field, Mr. Klochek said, "in which some progress had been made with British companies."

But while pointing to this encouraging trend Mr. Klochek indicated that British companies are losing out in Soviet trade because of their lack of flexibility over long term cooperation agreements, particularly compensation deals.

The agreements, he said "account for a rapid growth in trade turnover" because they represent "a two-way traffic of huge quantities of different commodities and huge sums of money which ran into thousands of millions of roubles."

But whereas the Soviet Union has signed more than 60 compensation deals with organisations and companies in Austria, France, W. Germany, Japan, Italy and the U.S. only two such agreements have been concluded with Britain.

Britain puts duties on Spanish steel

By Roy Hodson

A RANGE of substantive anti-dumping duties has been imposed on some types of Spanish stainless steel from to-day by Mr. Edmund Dell, the British Trade Secretary. Rates will vary between 8 and 16 per cent. according to specifications.

This is the first substantive anti-dumping duty on a foreign range of steel since the Government began to respond to pleas from private-sector steel-makers last autumn and imposed a series of provisional anti-dumping duties.

In the Spanish case, the new duty displaces a provisional anti-dumping duty of 10 per cent. on all Spanish steel bars and billets, which has been in effect since October. After a detailed investigation in Spain by an official team from the Department of Trade, the Government says it is satisfied that dumping is occurring and that it is causing injury to the British steel industry.

The British Independent Steel Producers' Association has led a campaign for anti-dumping legislation. The Government has seen evidence that some British companies making specialised steels have lost up to two-thirds of their business in certain types of steels.

No further action is to be taken at present against Spanish stainless steel billets. The Spanish companies involved in the trade have given the British Government assurances that they will only supply to fulfil existing contracts. In another contentious trade—Spanish valve steel—no action will be taken because the Government believes that imports have ceased.

Provisional anti-dumping duties have recently been imposed on Spanish non-alloy light sections (£31.50 a tonne), on Japanese light sections in non-alloy steel (£20 a tonne), and on South African reinforcing bars (£38 a tonne).

The Trade Department is studying those cases to see whether substantive anti-dumping duties are warranted. The department is also carrying out a full anti-dumping investigation into imports of some Austrian tool and high-speed steel bars.

Discussions are going on between the EEC Commission and Japan about levels of Japanese exports of stainless steel to Britain in the second half of last year. A full anti-dumping investigation is being made into South African non-alloy light steel sections and flats, as well as into the reinforcing bars case.

Credit granted for India oil pipeline project

BY K. K. SHARMA

NEW DELHI, April 21.

THE WORLD BANK has approved substantial credit to finance the dual Isola pipeline project to transport crude and associated natural gas from the offshore Bombay High oilfield to the coast.

The Loan agreement — expected to be around $500m.—will be signed when the Indian Government gives final approval to the project which has been prepared by the Oil and Natural Gas Commission for completion before the monsoon of 1978. According to Mr. H. N. Bahaguna, the Petroleum and Chemicals Minister.

The Government still has not given final approval to the project which will be the first oil development scheme to be financed by the World Bank. Mr. Bahaguna said the matter was now before the Public Investment Board for clearance and had been held up because of the Finance Minister's instructions to all his colleagues to cut expenditure as part of the budgetary exercises to reduce a $1bn. deficit.

However, since the World Bank loan would mean removal of resources constraints, Mr. Babaguna expects the project to be cleared.

The commission has already floated tenders for the pipeline project, work on which must begin in September if it is to be completed before may 1978.

Yarn curbs

Imports of cotton yarn from India will be restricted to 5,500 tonnes in the period April 1 to December 31, this year. Although the previous U.K. quota on Indian cotton yarn expired on March 31, this year, imports are to be restricted for the remainder of 1977 in view of their substantial increase in 1976 and the first two months of 1977 and in order to avert the threat of serious market disruption.

More foreign currency used by British

By Michael Blanden

A FURTHER substantial rise in the proportion of U.K. exports being invoiced in foreign currencies is shown by the latest analysis published by the Department of Trade.

The figures show that the proportion of exports in terms of value, invoiced in foreign currency had risen to 27 per cent. in the period October-November 1976. This compared with only 20 per cent. six months previously.

The figures, taken from a sample of commercial invoices relating to U.K. export shipments, provides a clear indication of the growing tendency for exporters to protect themselves against fluctuations in the value of sterling by setting prices in other currencies.

They also indicate, however, that a substantial majority of 73 per cent. of exports were still being invoiced in sterling in a period when the value of the pound has fallen sharply.

Dell deals gently with Korean trade gap

BY DOUGLAS RAMSEY

SEOUL, April 21.

MR. EDMUND DELL, the British Secretary for Trade, held talks here to-day on the increasing British trade deficit with South Korea. Absent from Mr. Dell's remarks to Korean ministers, however, was the sort of vehement warning he delivered to Japanese officials earlier this week about the possible consequences of letting trade imbalances continue.

Nevertheless, Mr. Dell kept up his crusade against import barriers before Far Eastern markets. He got full backing from his Korean counterpart, Mr. Chang Yie Joon, for a major U.K. trade fair here in June, 1978. The Minister of Commerce also promised to send a senior purchasing team in the autumn to the U.K. to help cut back the record Korean trade surplus with Britain of £72.5m. last year. Mr. Chang, for his part, took Mr. Dell to task for the U.K.'s action to monitor and dissuade textile imports from Korea.

Mr. Dell and the Korean acting Foreign Minister, meanwhile, signed a double taxation agreement which, British diplomats in Seoul hope, should improve the climate for U.K. investment here.

South Korea, and not Japan, may have been the chief Far East disturber of the British import pattern last year. In 1976, Japan barely increased its exports to the U.K., yet Korean exporters increased sales in Britain by 82 per cent. to £136m., nearly triple the 1974 level of £51m. Even more alarming to Mr. Dell must be the flood of Korean goods into the U.K., so far this year. In the first quarter, these exports exceeded all Korean sales to the U.K. in 1974, and were double the total in the first quarter of last year. Korean exports to all countries in the period rose by 45 per cent. to about £1bn.

One charge which Mr. Dell was quick to put to Japanese exporters was the narrow range of products which Japan sends overseas. Growth of Korean exports to Britain also occured in its traditional export sectors, including electronics. Textiles and footwear made up 40 per cent. of U.K. imports from Korea in the first quarter of this year and were worth more than £20m.

One reason why Britain is not yet waving a stick at Korean exporters is that Korea is taking more U.K. goods, whereas Japan imported less in 1976 than it did in 1975. Britain exported £36m. worth of goods in 1974 to Korea, £53m. in 1975 and £63m. last year. But, in the first quarter of this year, Britain sent only 7 per cent. more in value of goods to Korea on a year ago, while Korea sent 114 per cent. more to the U.K. The British trade deficit with Korea grew by 50 per cent. in 1975, then by 230 per cent. last year, going from £15m. to £22m., and then to £72.5m.

In his talks with the Korean Commerce Minister, Mr. Dell urged Korea to increase its imports as a first step toward eliminating the imbalance. But he did not preclude further British controls if Korean exports continue to rise as quickly as they did last year.

It was clear from Mr. Dell's low-key approach here that he is less convinced about how to handle the Koreans than he is the Japanese. Korea is still a developing country. There is growing concern in London that Britain must be resigned to exporting machinery and expertise to Korea which may one day be used to under-sell U.K. producers, in Britain and abroad. This week, Davy-Loewy, an affiliate of Davy Power Gas, signed a licensing agreement with Hyundai International for royalties from the supply of machinery presses to Hyundai's future complex in South Korea. Royalties and technical help could bring in £1m. in a short period after the new complex starts work. Before that, Hyundai will probably follow the technical agreement with purchases of about £7m. worth of Davy machinery.

Davy sees no harm to the U.K. market, but, in some consumer goods sectors the threat is more imminent. The heavy industries which now take much of British exports to Korea are shipbuilding and car production.

U.S. warning over Tokyo talks

GENEVA, April 21.

PRESIDENT CARTER'S new trade negotiator, Mr. Robert S. Strauss, said to-day that any further delay in the Tokyo Round of trade liberalisation negotiations is a luxury the world cannot afford.

Mr. Strauss warned that there was a general frustration over the lack of concrete progress in the negotiations, which began in 1973 and which originally were to have been concluded by the end of last year.

"The president is determined to give a sense of urgency to the negotiations which have bogged down a bit," Mr. Strauss told a Press conference after talks with Mr Olivier Long, director-general of the General Agreement on Tariffs and Trade (GATT) which provides the framework for the Tokyo Round.

Mr. Strauss said it would be too negative to speculate whether, if no meaningful progress were made this year, it would be worthwhile continuing the negotiations.

"What I can say is that if no progress is made someone else will be sitting here." Mr. Strauss said, "I have too many grey hairs to be sitting around a table."

Mr. Strauss said President Carter's energy programme has "tremendous implications for trade" and that equitable arrangements will have to be made with America's trading partners.

He added that besides the Tokyo Round this is one of the subjects he will be discussing in visits the remainder of this week to Brussels and London.

Mr. Strauss said he expects the Western economic summit conference in London in May to develop language which will not only support the Tokyo Round negotiations but comprise a "demand" that progress be made. "I expect strong and positive language to come out of the summit," he said.

The U.S., for its part, had already made the necessary political decision to have the negotiations succeed. Stating that agriculture was the major problem area in the negotiations, Mr. Strauss said he believes the European Economic Community is now prepared to get down to serious negotiations.

AP-DJ

Japan-EEC talks soon

TOKYO April 21.

THE EEC and Japan will open two-day bilateral Ministerial consultations here on May 19 to exchange views on the world economy and trade problems as well as trade relations between the two sides, Japanese Foreign Ministry officials said here to-day.

The world economic situation, multi-national trade negotiations for tariff reduction, the North-South dialogue and the Japan-EEC trade are expected to be raised at the Tokyo conference, the officials said.

The officials said the energy problem in relation to the U.S. new nuclear energy policy is also likely to be taken up.

The Ministerial consultations between Japan and the EEC, the first of this kind to be held since June, 1973, will be followed by annual consultations between Japan and the European Coal and Steel Community (ECSC) on May 23 and 24 to review steel demand and trade, they said. Reuter

Texas order

Petrochemical equipment to the value of £1.7m. is to be supplied by Head Wrightson Teesdale of Cleveland, U.K., to a major new ethylene complex at Corpus Christie, Texas. The export order for shell and tube heat exchangers has been placed by Stone and Webster.

Computer contract

Knight Computer Services, the computer staff company in the BOC Datasolve Group, has won a contract to operate computers for the European Space Agency (ESA) in Germany, Holland, Italy and France.

HOME NEWS

Coal Board profit on year tops £20m.

BY ROY HODSON

THE National Coal Board is understood to have made a net profit of more than £20m. on all its operations in the financial year 1976-77, although Sir Derek Ezra, chairman, refused to quote a figured uring his review of the year yesterday.

A rise in coal prices of 15 per cent. at the start of the year coupled with a drive to reduce costs throughout the mines, the opencast sites, and the associated chemicals and smokeless fuel activities, enabled the Coal Board to make an operating profit in the region of £100m. in 1976-77. Interest charges on capital investment in mining expansion rose to about £80m. compared with £52m. in the previous year.

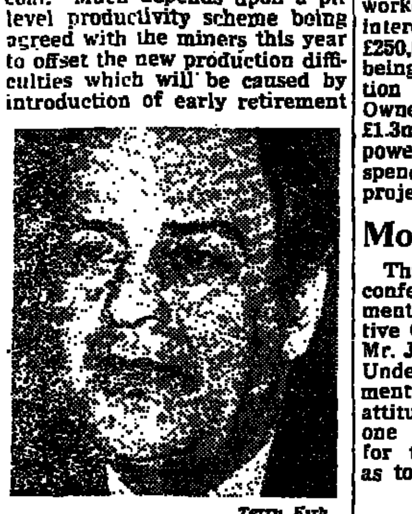
The Coal Board expects to be increasingly squeezed financially from now on as it implements the £400m.-a-year development programme which is designed to raise coal capacity in Britain to 170m. tonnes a year by the year 2000.

Nearly £400m. will be spent developing the Selby coalfield, Yorkshire, and other coalfields in the year 1977-78. The Coal Board expects to face interest charges of £120m. at the end of the year.

Sir Derek said yesterday: "We are paying the price of an accelerated plan to make up for lack of investment in coal mining in Britain for 15 years up to 1975. We just cannot generate enough money from our own activities to cover our expansion."

The Government is being pressed to give some relief towards the Coal Board's growing burden of borrowing in view of what the Board claims are special circumstances. The crash development programme called Plan 2000 has been jointly devised by the Government, the unions, and the NCB.

The Coal Board has a target to improve its revenue by £120m. during 1977-78 by winning more coal. Much depends upon a pit level productivity scheme being agreed with the miners this year to offset the new production difficulties which will be caused by introduction of early retirement



Terry Kirk

Sir Derek Ezra: "paying the price."

Falling productivity in the mines caused coal production to slump in 1976-77 to 106.6m. tonnes—a fall of nearly 6m. tonnes on the previous year. The Coal Board hopes to restore production this year to some 112m. tonnes.

Productivity has been improving in the pits in recent weeks. It fell throughout last year to give an average for the year of 43.6 tonnes for each manshift. Lately it has touched 46 tonnes a manshift occasionally.

Tories plan to sell Tube and bus tickets in shops

BY STUART ALEXANDER

A PLAN to sell London bus and tube tickets through shops while replacing conductors, ticket clerks and collectors with random inspections was unveiled yesterday by Mr. Richard Brew, Tory transport spokesman on the Greater London Council.

The plan would be implemented immediately if the Tories were returned at the May election.

It would result in a staff reduction of about 10,000 and could bring savings of £50m. in the next four years, Mr. Brew said.

There would be no need for redundancies, as the normal annual wastage in London Transport was about 5,000 employees a year.

Decision soon on State aid for co-operatives

BY JOHN ELLIOTT, MANAGEMENT EDITOR, IN LOUGHBOROUGH

MINISTERS WILL soon decide whether to give State financial aid to a proposed workers' co-operative at the former Courtaulds factory in Skelmersdale, which was closed last year.

They will be taking the decision when the Department of Industry and Employment is showing a cautious but growing interest in the development of worker cooperatives. This interest is about to lead to £250,000 of Government money being promised to an organisation called Industrial Common Ownership Finance in addition to £1.3m. allocated for the Manpower Services Commission to spend on cooperative work projects.

Motivation

This emerged yesterday at a conference called by the Department of Industry at the Co-operative College near Loughborough. Mr. John Golding, Parliamentary Under-Secretary for Employment, said the Government's attitude on co-operatives was one of "wholehearted support for the principle but cautious as to its applications."

Mr. Bob Cryer, Parliamentary Under-Secretary for Industry, said: "Industrial co-operatives abrogate the notion that the sole motivation of people is greed and financial gain."

It is against this background of Government interest, tinged with concern that it should not back losers, that Mr. Eric Varley, Secretary for Industry, will decide the future of the Skelmersdale textile workers' plan.

He is about to receive the report of an official feasibility study which has looked into the potential of a possible group of co-operatives in the area.

An indication of interest among both large and small suppliers and customers has been obtained by backers of the plan.

Yesterday's Department of Industry conference was attended by 150 people from interests ranging from established and would-be co-operatives to Wandsworth borough council, which wants to sponsor co-operatives, and the Friends of the Earth, which is concerned about the environmental aspects of what co-operatives make.

It followed the Industrial Common Ownership Act 1976 which came into force last November. This provides £400,000 of Government money for co-operatives—mainly small enterprises. Projects like Skelmersdale (or the existing Meriden co-operative) would still generally have to rely on conventional State industrial aid.

Of the £400,000, £250,000 will soon be given to Industrial Common Ownership Finance, an offshoot of the Industrial Common Ownership Movement, one of the main co-operative organisations in the country.

Advisory

This money will be used for small grants and loans of probably a few thousand pounds each to boost existing co-operatives, to help would-be co-operatives buy out existing shareholders, and to enable job creation work projects to become permanent establishments.

The remaining £150,000 is being spent over five years by the Government and the movement on general advisory work.

The Government will receive a report from Department of Industry officials in the summer on how a Co-operative Development Agency could be set up to act as a central advisory and promotional body.

Part of the urgency of the Government's interest stems from concern about unemployment. This has led Ministers to allocate 1 per cent. (£1.3m.) of their job creation programme to the workshop projects. So far 60 such projects have been approved. Of these 15 aim to become permanent self-financing enterprises.

Among such projects £60,000 has been allocated to provide 23 jobs in a business called Intergrated Music Producing Polyphonic Synthesizers. A Bolton furniture recycling co-operative has £30,000 for 14 jobs. A South London woodworking co-operative has received £13,000.

One of the risks is that such ventures might collapse when the job creation money is spent. Yesterday Ministers were pressed to change their policy so civil servants would discriminate in favour of co-operatives when choosing candidates for State aid.

New micro-computer calculator can be programmed

BY MAX WILKINSON

SINCLAIR RADIONICS, the Cambridge calculator company, announced yesterday a micro-computer for the price of a scientific calculator.

The Sinclair programmable calculator is being launched a few months after the company announced the World's first pocket television. These are the first new products since the National Enterprise Board made a £650,000 investment in the company in return for two seats on the Board.

The calculator will sell at £15.95 plus VAT, a price claimed to be 75 per cent. less than its nearest rival.

Mr. Clive Sinclair, managing director, said yesterday he did not expect competitors to be able to imitate the design quickly because of the complexity of the circuit.

He hoped the new calculator would be a big export earner with perhaps 60 per cent. of production going to the U.S. and 40 per cent. to Europe. He hoped for six-figure production by the end of the year.

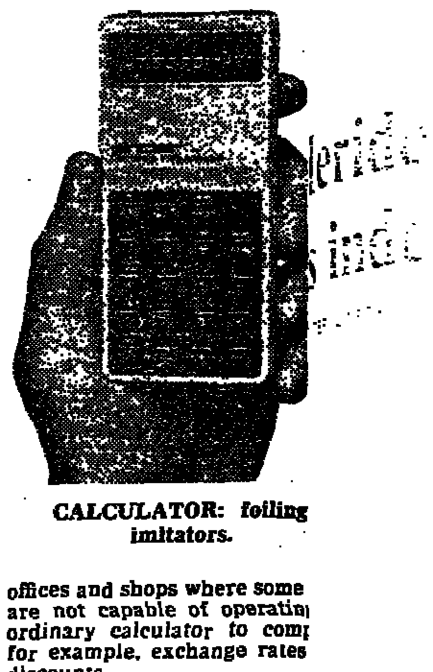
The Cambridge programmable looks similar to the normal range of calculators and is capable of ordinary arithmetic and trigonometric sums.

In addition it can be given a program of up to 35 steps, which will be retained in its memory.

Sinclair's first target will be scientists and engineers who will be able to make programmes or use those provided. A big demand from school-children and university students who will be able to afford a programmable machine for the first time is hoped for.

Because the instrument genuine, if simple, computer Sinclair believes it will be in schools and colleges to t students simple programm skills.

He believes the programm calculator will have a futur



CALCULATOR: foiling imitators.

offices and shops where some are not capable of operatin ordinary calculator to comp for example, exchange rates discounts.

All the steps in the calcula could be pre-programmed the machine so that the oper would have to punch in on figure and read out the ans

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Consumer spending falls except in clothing, fuel and light

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CONSUMER spending fell sharply in the first three months of the year with cuts in all areas except clothing, fuel and light.

The Central Statistical Office said yesterday that the volume of consumers' expenditure in the first quarter was about 2 per cent. lower than in the previous three months.

The first preliminary estimate is £8.74bn. — at 1970 prices, seasonally adjusted—around the lowest level touched earlier in the recession, and before then, during the upswing in the 1972-73 boom.

The extent of the fall over the last three months highlights the intensified squeeze on real disposable incomes. It also suggests that there may have been a slight increase in the personal savings ratio—the percentage of disposable income saved—after the sharp drop in the ratio in the fourth quarter.

It is possible that there may have been a desire at least partially to rebuild the level of liquid assets such as bank deposits after the earlier cut, with the consequent effect on expenditure. But the savings ratio is still likely to have been well below the average level during 1976.

Consumer spending in the first quarter was running at below the level for the first half of 1977—forecast by the Treasury and in the Budget report at the end of last month.

Indeed, latest figures, in conjunction with the evidence of a slow rate of increase in industrial output, suggest that the economy as a whole will have grown by a small amount at best in the first quarter, and will provide more ammunition for those calling for a further stimulus to the economy.

The fall in consumer spending of 2 per cent. was less than the 3 per cent. drop in retail sales between the last two quarters announced on Monday. This reflects the relative stability of important non-retail sales components of consumer spending such as housing, an eighth of the total, which changed little over the period. Moreover, the estimate points to a slight rise in expenditure on fuel and light.

Consumers' Expenditure

at 1970 prices, seasonally adjusted

		£m.
1973		35.935
1974		35.612
1975		35.374
1976		35.290
	1st	8.811
	2nd	8,730
	3rd	8,824
	4th	8.925
1977	1st	8.740*

* First preliminary estimate.

Source: Central Statistical Office

probably reflecting the especially cold winter weather.

There was a "substantial fall back from the high level" of the previous quarter in expenditure on alcoholic drink, notably wines and spirits, reflecting in part a reaction from the stocking-up ahead of the duty increases at the end of December.

Falls occurred in all areas of retail sales except clothing and footwear.

Cost of North Sea crude goes up

By Ray Dafter, Energy Correspondent

THE COST of producing oil in the U.K. sector of the North Sea has risen to $3-$9 a barrel according to Dr. Dickson Mabon, Minister of State for Energy.

The new estimate compares with the $2-$8 range of costs reported by the Department of Energy last year. It confirms North Sea crude as among the most expensive oil to produce in the world.

But, it is also one of the most sought after crudes. Its high quality commands a market price of more than $14 a barrel.

Dr. Mabon said that the costs of producing oil in the U.K. sector varied widely from one oilfield to another. The costs included exploration, development, operation and an allowance for the interest on capital funds employed. Taxation and royalty payments were excluded.

The Department of Energy said last night that 95 per cent. of the oil that would be produced from the fields so far declared commercial would cost less than $6.50 a barrel to produce. About half of production from these fields would cost less than $5 a barrel.

● Shell Expro has been told by Mr. Bruce Millan, Secretary of State for Scotland, that it will have to pay expenses of more than £16,000 for a public inquiry into an application to build a gas separation plant at Peterhead.

The inquiry was abandoned after a month and Shell, acting in partnership with Esso, later announced that it had chosen a new site at Mossmorran, Fife. Protesters living near the proposed Fife site yesterday submitted a report to Mr. Millan discussing the accidents and pollution arising from similar developments abroad. The Scottish Office has said there will be an inquiry into the proposal.

Fifth of steel 'soon scrap'

By Adrian Hamilton

AS MUCH as one ton in every five of steel produced in Britain is degraded to scrap in the later stages of manufacturing, Sir Ronald McIntosh, director general of the National Economic Development Office, said yesterday.

Making a strong plea for a "national strategy for materials management" in Britain, in a speech to be delivered at an international meeting in Venice to-day, Sir Ronald says that use of materials in manufacturing industry is just as important in energy conservation as the manufacturing process itself.

In Britain the engineering industries buy betwen 1¼ and twice as much energy indirectly, as part of the content of materials, as they buy directly for use in their own operations. He cites research done for NEDO, the science policy research unit at Sussex University, and by Professor Pick of the University of Aston, Birmingham.

"Economy in the use of materials is at least as great a potential source of energy saving for these industries as economy in the use of fuel in their own processes," he asserts, arguing that more efficient use of materials would reduce processing costs and the costs of machinery and stocks.

U.K. shipyard prices '20-50% above Japan'

BY ROY ROGERS, SHIPPING CORRESPONDENT

BRITISH shipyards are quoting prices 20-50 per cent. higher than their Japanese competitors, according to Sir Lindsay Alexander, chairman of Ocean Transport and Trading, Britain's second largest shipping group.

He stressed in the company's annual report, published to-day, that maintenance of a viable British shipbuilding and marine engineering industry was "very important" for British shipowners.

Supervision of construction was easier and exchange rate risks were avoided when building in home yards.

"We would far rather place a high proportion of our orders here—as, historically, we always did."

Significantly he underlined the price differentials between U.K. and foreign—especially Japanese—yards. His company is understood to be in the market for several vessels.

The differentials are too great for Ocean to ignore, although Sir Lindsay held out the possibility of buying British if the recently announced £65m. Government intervention fund used to good effect.

Ocean had never supported principle of shipbuilding su dies, but if an intervention fi was unavoidable "it would sad if it were to be either small in amount, or too narro administered, to draw needed U.K. orders from own not in extreme need to build.

Sir Lindsay hit out at U moves to cargo preferences a the continued expansion of Russian merchant fleet.

● A seven-point plan to stir late shipbuilding demand w be submitted to the Governme by Strathclyde Regional Counc which is seriously concern about the threat of impendi large-scale redundancies several Clyde shipyards.

The council's economic and dustrial development commit will be asked to approve a pol document from its shipbuilding working group, which has be liaising with yard manageme and trades unions on the dustry's future. The docum urges the Government to prove export financing arra ments for sales of defe vessels overseas.

New ports council chief

BY OUR SHIPPING CORRESPONDENT

MR. JOHN PAGE, chairman of the Mersey Docks and Harbour Company since 1972, is to take over as part-time chairman of the National Ports Council when Mr. Philips Chappell gives up the post in June.

Before entering the ports industry — he is deputy chairman of the British Ports Associa —Mr. Page spent 26 years the Iraq Petroleum Company became chairman of the Me Dock and Harbour Compan 1972.

Mr. Chappell, a director Morgan Grenfell and Co., been chairman of the ports c cil for the past six years was invited by the Governr to develop, with the port aut ties, a programme for impro the management and fina performance of the industry

The Department of Trans said yesterday that "signifi progress" had been made on programme and that the app ment of Mr Page indicated importance the Governi attached to active collabora between the council and th dustry

Japanese joint venture

DAIWA SEIKO, a leading Japanese fishing tackle manufacturers, has formed a joint venture with Grampian Holdings of Glasgow to establish a £500,000 factory in central Scotland to produce fishing equipment for the U.K. and European markets.

A new company, Daiwa Sports, has been set up with 50-50 ownership and will be taking over a 25,000 square foot factory at Wishaw, which will initially employ 50 people, a number expected to treble over the first three years.

Daiwa fishing rods and reels have been previously marketed and serviced in the U.K. by the Grampian Holdings subsidiary, Millard Brothers. The factory is Daiwa's first in the west. Its other production facilities being located in South Korea, Taiwan, and the U.S., as well as Japan.

The chief executive of Daiwa Sports is Mr. A. E. McCunn, who formerly headed Grampian Holdings's sports division, while Grampian's own chief executive, Mr. Bill Hughes, is the new company's chairman.

Giant stamps

THE ISLE of Man is to issu biggest stamps on May 26. stamps, with face values o and 10p, measure two-and-a inches by an inch.

'What we can afford' pay plan

BY ADRIAN HAMILTON

AN INDEPENDENT tribunal, including representatives of the Confederation of British Industry and the TUC, should be established to settle more impartially what the nation can afford to pay each year in wages, Lord Watkinson, president of the confederation, said yesterday.

Indicating the confederation's views on a long-term reform of pay determination in the country, Lord Watkinson said that such a development would be part of a move to get away from pay control as such.

"Once what the nation can afford is established, and hopefully made part of the Budget and thus debated in Parliament, it must be left to employers and employees to settle their own pay problems in their own way.

"This would mean the Government, where it is the ultimate employer in the public sector, applying cash limits that would ensure settlement within what the nation could afford

"It would also imply every single employer getting back into the real business of negotiation and with the unions establishing appropriate rewards for skill and differentials."

The CBI discussion document on long-term reform of wage determination in Britain is due for publication next month.

Analysing recent British history and foreign examples, it is believed to stress: the need for telescoping the period of wage settlements to reduce leap-frogging; the development of bargaining units as close to each individual shop-floor as possible; and possible ways to reduce wage claims based on comparability.

The issue is a highly sensitive one for industry and the document has gone through more than seven drafts to date.

Already the CBI has retreated from some of its original ideas of developing overall pay limit figures in NEDC and suggestions that the question of legislation to curb union power should be raised again.

The essential problem for the CBI in writing the document is to find some balance between industry's desires to return to more flexible pay bargaining systems and the fears of many companies that a return to totally free collective bargaining would open the way to a new pay explosion which companies could not resist.

The same ambivalence in attitude also is seen in the confederations response to the current negotiations on a phase three of wage restraint.

Smaller companies, and engineering companies in particular, have expressed a growing desire to get away from the restrictions of a tight wage control.

Even the larger companies seem to feel rather more confident than they were six or nine months ago of resisting high wage claims under free collective bargaining as long as the Government gives a lead with the miners and other public sector workers.

But the majority of companies according to the CBI leadership at least—would still prefer some form of phase three control so long as it was effective and not just a papering over of cracks.

The CBI's official stance has remained one of arguing any control should be wo backwards from the neec reduce inflation to the leve Britain's international com tors This implies wage rise no more than 6 per cent., in the "drift"

Whether the confederation accept an agreement that al much higher wages under p three has to be seen.

A the moment its leader appears ready to accept an a ment that promises to re inflation next year to s figures—implying wage rise 10-12 per cent. including drif

Beyond that, its member might well feel that no a ment was better than a agreement.

But with negotiations bet the Government and ur likely to drag on for se months, the CBI is in no h to declare its final view or agreement and is content for present to take on a delibe stance on the sidelines.

THEATRES ARE CONTINUED ON PAGE 10

مكررا من الاصل

HOME NEWS

London Bank of Cyprus closed by pay dispute

BY MICHAEL BLANDEN

UNOFFICIAL industrial action by staff has forced the Bank of Cyprus (London) to close its doors since Monday.

The bank, which serves the Cypriot community in the U.K., is authorised under the exchange control Acts and recognised as an undoubted bank by the U.K. authorities, and has the backing of the central bank of Cyprus.

The strike has produced the rare situation in London of an authorised bank being unable for the time being to open its doors.

The problem has arisen because the bank's staff, members of the National Union of Bank Employees, missed out on the 22½ per cent. pay award received by most bank staffs in the summer of 1975. At that time, Bank of Cyprus was beginning the process of reconstruction after the heavy provisions required on loans made in the period 1972-74, and felt unable to match this pay rise.

Mr. C. C. Ioannides, financial director said yesterday that the bank now felt that an award to enable the staff to catch up was justified and possible, but the bank had been restrained by the pay policy over the past two years.

This view has been supported by NUBE, and an approach has been made to the Advisory, Conciliation and Arbitration Service under the rules which permit awards outside the current pay restraints in order to catch up with general levels in the industry. But, meanwhile, the staff has taken action in support of a claim for an across the board 22½ per cent. cost of living award. It is understood that last night NUBE officials were trying to sort out the situation.

Taking stock of the City . . . sixth formers with an eye for a likely share

Top of the Class of '77. . . . Trying out their bowlers (and a fringe benefit) for size are these six boys from Lisnagarvey Secondary School, Lisburn, Northern Ireland, who arrived in London yesterday for a two-day visit, part of their prize for winning this year's Stockpiler investment game for sixth-formers.

They are aged between 17 and 19, and are (left to right) Keith Uprichard, Steven Reid (syndicate leader), Harold Smyth, David McQuaid, Darrell Mawhinney and Richard Long.

The Stockpiler game is run by British Junior Chambers and sponsored by Williams and Glyn's Bank.

Meriden to gain its independence

BY PETER CARTWRIGHT, MIDLANDS STAFF

MERIDEN Motorcycle Co-operative is expected to gain its independence on Monday with the signing of documents separating it from Norton Villiers Triumph. The company was made responsible for marketing the machines under the Government's near £5m. rescue scheme two years ago.

More recently Parliament granted Meriden another £1m. to buy NVT's marketing and other interests in America and elsewhere. It has taken four months to complete legal documentation.

This week the Meriden workers will get a pay increase of £2.80 backdated to March 23 to bring their wage packets to £58.80 a week.

A shopfloor committee has been set up to investigate the possibility of instituting a bonus scheme to give them extra money. Average wages in the area are about £70 and with employment prospects getting rather brighter the co-operative Board is anxious not to lose workers.

Cement makers planning year's second price rise

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CEMENT manufacturers are planning to raise prices again, for the second time this year.

The Cement Makers' Federation said yesterday that it had notified the Price Commission of its intention to increase prices again, but added that the size of the increase had not yet been definitely decided.

It could not comment on suggestion that prices would rise by between 10 per cent. and 15 per cent., although it seems clear that the increase will be larger than the 3.5 per cent. price rise announced at the end of January.

The new price rise was foreshadowed by the manufacturers at the time of the last increase. They said then that, because of further fuel price increases in the pipeline, another cement price rise was inevitable. The increase—yet to be firmly decided—cannot take place until the beginning of May under Price Code regulations.

A decision on the size of the increase might be made next week. At the moment the average price of a tonne of bagged cement stands at about £20. Since early 1974 the cost has more than doubled.

The latest figures compiled by the industry show that the construction recession is continuing to hit deliveries. In the first three-and-a-half months of this year, deliveries have been more than 15 per cent. down on the same period of 1976, although this year the Easter holiday was included and could have led to a lower than normal delivery figure.

Head of Scots' economic research team dismissed

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE MAN responsible for a major part of the work on a controversial new study of the Scottish economy has been dismissed only a short time before its findings are due to be published.

Mr. John Evans, director of the Scottish Council Research Institute, received a letter while he was on sick leave on March 31 giving him three months' notice. It was signed by Mr. Douglas MacDonald, chairman of the institute, and said that because of financial pressure no further development work would take place and Mr. Evans was therefore being made redundant.

For the past two years Mr. Evans has been working on an input-output model of the Scottish economy, which the council has been preparing jointly with the Fraser of Allender Institute at Strathclyde University and IBM.

Other members of the council's research staff, however, have not been made redundant. The council denied yesterday that leaks to the Press about the model's findings and Mr. Evans' sympathy for the Scottish National Party were contributory causes of his dismissal.

Mr. John Boyle, external relations director of the council, said: "Mr. Evans, having completed his part of the project, was made redundant simply because the council could not afford to do further work."

"While the council is concerned to maintain its political neutrality, it clearly cannot impose restrictions on the views privately held by its staff and this would not be taken as ground for dismissal."

Mr. Evans would not comment on his dismissal.

The model promises to give a wealth of new information about Scotland and there has been speculation in the papers in Scotland about what it might reveal. Mr. Boyle added that the council was not concerned about use made of its reports by politicians, but it was worried that inaccurate conclusions might be drawn from incomplete data.

Ennals outlines views on extra £21m. for health

BY STUART ALEXANDER

A CIRCULAR is to be sent to health and local authorities in the next week by Mr David Ennals, Secretary of State at the Department of Health and Social Security on the extra £21m. to be made available in 1977-78 for jointly financed projects.

In a speech in Exeter to-day he is likely to emphasise the need for co-operation in such projects, particularly where they will benefit the elderly or the mentally handicapped.

Although agreement is necessary between local and health authorities on the projects which are to be supported Mr. Ennals hopes that the new money coupled with a relaxation of the 60 per cent. limit on the capital cost or funding commitment will encourage projects with these priorities.

Although five years will be kept as the normal period of revenue support there are to be provisions after the first three years for a review which could lead to an extension of one or two years. The DHSS also hopes that sales of NHS land will become a more important feature of joint financing.

Mr. Ennals also hopes that the development of health centres will not be ignored by local authorities as suitable schemes for joint financing, as well as other primary care units.

● Proposals to allow unemployment benefit to be paid fortnightly instead of weekly as at present have been put before the National Insurance Advisory Committee by Mr. David Ennals, Secretary of State for Social Services.

The proposals are designed to reduce projected staff and administration costs in line with general Government policy, says the department. The regulations are planned to come into effect on July 4 this year, when a pilot scheme would be operated before fortnightly payments were extended generally.

Comments on Finance Bill sought

BY MICHAEL LAFFERTY, CITY STAFF

THE Government is again asking interested parties to submit comments on the technical and practical provisions of the Finance Bill with which they are particularly concerned.

Comments should be submitted as soon as possible, and in any case not later than May 10. They should be addressed to The Rt. Hon Robert Sheldon MP, Financial Secretary, Treasury Chambers, Parliament Street, London, SW1P 3AG.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Reducing diesel fuel costs

IN LONDON this week a device was launched which, according to Vickers, could cut £3 to £5 per ton from the cost of a ship's diesel fuel, produce savings in manpower and sludge disposal, and pay for itself in one to three years' operation.

Called a fuel oil homogeniser, it was developed by the Vickers Shipbuilding Group, Barrow-in-Furness, Cumbria LA14 1AB (0229 20351) and in essence provides a method of grinding the agglomerates and water found in heavy fuel oils (up to 6,000 secs Redwood 1 viscosity) into globules of less than 5 microns diameter, and dispersing them evenly through the fuel.

The fuel cost saving is achieved by enabling diesel engines (and boilers) to be fuelled with heavier and cheaper oil. The machine eliminates the need for centrifuging the fuel to remove sludge, since the materials forming the sludge are reduced to a size where they can be burnt—this also saves about 1 per cent. of fuel volume which normally has to be discharged as sludge (with the risk of high fines for pollution).

Price for the unit, which can be included in new construction or retrofitted, is £9,750, including tool kit and basic spares—installation cost is likely to be around £7,000. The device is capable of processing oil at rates from 1 gallon to 4 tons/hr., and is suitable for engines developing 2,000 to 30,000 hp.

Savings in fuel cost quoted by Vickers are £7,500 p.a. for a 2,500 bhp engine capable of burning 3500 sec. oil, and £60,000 p.a. for a 20,000 bhp engine.

Prototypes have been under intensive land and sea trials, with the help of Doxford, BP Tankers and the Bank Line, and the figures given are based on this experience, which totals some 50,000 running hours.

The initial impression is that this device should have a major impact on the shipping industry, but as Vickers says, the major stumbling block is likely to be the industry's stubborn resistance to change.

Indeed, when the homogeniser was presented on Wednesday to an audience representing Government, shipowners and operators, and marine engine builders, as well as fuel oil suppliers, the reception of the idea was "interested, but not exactly enthusiastic." But a BP representative said, "I cannot understand why everyone here is not queuing up to buy one of these things."

● CALCULATORS

Has a long memory

BY EMPLOYING a microcomputer to drive its new scientific calculator announced yesterday, and give it computer-like capabilities of remembering series of instructions up to 36 steps, Sinclair Radionics may have stolen something of a march on its many competitors.

The microcomputer has the company's own read-only memory and while it is a National Semiconductor device, it is not available for purchase by anyone else. The Sinclair claim is that it has been able to squeeze all the functions of its new machine into a single large-scale integrated circuit and contain all the connectors and the circuit and battery in the well-known Sinclair "pocket" case, which is still the smallest on the market compatible with the size of the human fingertip.

At just over £17 with VAT, it is not only well within the scope of the engineer and the scientific worker for which it is primarily intended but also the growing army of students who are taking to programmed working like ducks to water.

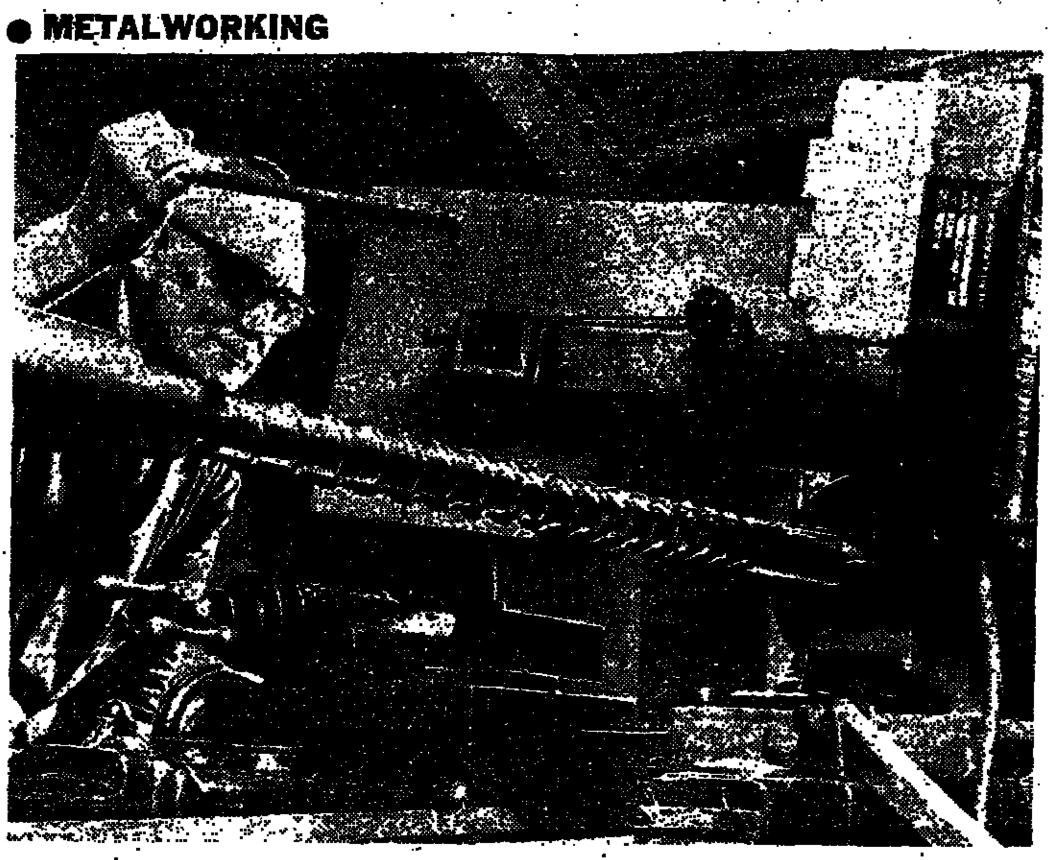
Another application for which more expensive conversion calculators have been available hitherto is one in which commonly used monetary or measurements conversions can be keyed in by someone familiar with calculator operation, leaving other staff to feed in the actual values as often as needed, without disturbing the basic sequence of operations.

Sinclair claims a 75 per cent. price advantage over machines of comparable power and anticipates demand enough to compensate for the year it has taken to compress all the machine's capabilities into a single chip. The company does not expect to see the competition vie with it for at least a year and then in a much larger presentation with—probably—two chips instead of one.

All the trigonometrical functions with the major mathematical ones are available, plus two-figure exponent, five-digit mantissa, etc. It comes complete with a program library of about 400 pages which contain gimmicks such as moon landing sequences but also serious work on electronic circuit design, thermodynamics and calculus.

More from Sinclair on 0480 64646.

● METALWORKING



One of the new bimetallic screws developed by Brookes (Oldbury) undergoing a finishing process.

Screw lasts ten times as long

A BIMETALLIC screw for plastics injection moulding machines which lasts ten times longer than could be expected from a nitrided screw, has been developed by Brookes (Oldbury), a company in the TI machine division.

The screw has even exceeded its predicted life. At British Industrial Plastics moulding division a Brookes bimetallic screw has completed a three-year monitored producton run on a Bipel 300/SS (375 grammes) injection moulding machine. For the whole of this time it was processing highly abrasive glass-filled nylon (GFN). Predicted production life was 60 tonnes, but the screw processed 210 tonnes before the forward screw flight was eroded to failure.

Screws, ring, valves and cylinder barrels in injection moulding machines processing GFN, polycarbonate and other abrasive plastics, experienced considerable wear, particularly on the final screw flights and the valve mating faces.

Brookes has developed a range of alloys, for hard facing these components. Called Brux, the alloys contain cobalt, nickel, chromium, and boron, plus undisclosed additives.

The bimetallic screws are produced in diameters from 25 to 90 mm, with maximum flight lengths up to 1,800 mm. They are coated over the entire helix surface—flight, land and root diameter—to a minimum depth of 0.38 mm. This alloy is Brux 900, with a hardness between 59 and 63 Rockwell C, and is flame-sprayed on to the screw. The cylinder is lined with Brux 100 (58 to 64 Rockwell C).

The company says that the economic advantage of using the bimetallic screw can be shown by assuming that if a Brux 900 screw is about 1½ times the cost of a nitrided screw, its cost can be fully recouped before 50 tonnes of GFN have been processed.

Hydraulic truck crane

WITH A maximum capacity of 20 tonnes at three metres radius, a truck-mounted telescopic crane has been launched by Thomas Smith and Sons (Rodley). It incorporates a swinging lattice boom extension which gives a total reach of 40 metres, handling 0.6 tonnes at 26 metres radius.

All motions are hydraulically powered by two pumps, driven from the truck engine. These include a stepless speed change, continuous rotation, and controlled lowering down to creep speeds. The 10-metre telescopic boom has three sections, and at maximum extension of 24 metres can handle 1.15 tonnes at a radius of 18 metres.

The crane carrier is a three-axle Faun (four driven wheels) powered by the dual-function 176 bhp diesel engine. The truck has two pairs of hydraulic outriggers, with independently adjustable jacks. Total weight is 27.4 tonnes, and the road speed is 37 mph.

More from the maker at Town Street, Rodley, Leeds LS13 2TG (0532 574344)—a Thomas W. Ward Group company.

Measures bores

INSIDE diameters in the range 0.5 to 2 inches can be gauged accurately with three dial bore gauges and a setting master by Sunnon Products.

These cover the ranges 0.495 to 0.75 inches, 0.740 to 1.190 inches, and 1.180 to 2 inches. The gauges can be used on site, for example where a component is still chucked in a machine.

The gauges will check bores up to 12 inches deep, and the two larger gauges have a retractor to simplify insertion and removal of the gauge head from the bore, which is useful when measuring ported and interrupted bores.

All three gauges are tenth reading (0.0001 inch), and have a quick-setting device. This also makes it possible to pre-set the gauge to within about 0.001 inch of finish size. The setting master sets each gauge to within a tenth.

Marketing in the U.K. is by George Kuikka, Hill Farm Avenue, Leavesden, Watford WD2 7BL (Garston 79377).

● COMPUTERS

A powerful portable

EARLY next week Wang Electronics will be introducing a portable "personal computing centre" which is a true computer in every sense with its own microprocessor but is no bigger and less heavy than an electric typewriter.

One source of its power is the twin compact disc unit developed for it — an earlier machine in almost the same class is tape-based.

The company is calling it the Wang PCS II and it is described as unique in portables since it provides 32K of memory available to users, that is enough to control, in another form, quite a complex installation, say, in a production plant. It also has a full-size keyboard and display screen.

Apart from this, the company is announcing a new word processer, a fast central processor for its 2200 microcomputers and a number of peripherals.

Wang Electronics, Argyle House, Joel Street, Northwood Hills, Middlesex HA6 1LN. Northwood 28211.

● COMPONENTS

Searle drive starts with new designs

AIR-COOLED condensers with heat rejection ratings from 42,600 to 555,000 kcal/h by Searle Manufacturing Company are of the fully weatherproofed, packaged type.

Designed for external siting, the new condensers are suitable for use with Refrigerants R12, R22 and R502. All can be installed horizontally or vertically, being fitted with lifting eyes for safe slinging and utmost manoeuvrability.

Eight models within three frame sizes provide progressive steps of capacities, based on four-, six- and eight-fan units employing 760 mm (30-inch) diameter four-bladed fans of the propellor type. A choice of motors is offered — 6-pole running at 900 rpm or, where extra quiet operations is desired, 8-pole running at 700 rpm. Both motors are of the squirrel cage type, suitable for 200/250 or 380/420 V, three-phase 50 Hz electricity supplies.

Since becoming part of the Prestcold Group 11 months ago, capital expenditure of £1m. has been authorised at Searle. This had already resulted in re-equipping part of the plant with the modern machine tools, including a Trumpf numerically controlled centre for sheet metal fabrication and additional large power presses and tube cutters for heat exchangers.

Searle Manufacturing, Newgate Lane, Fareham PO14 1AR, Hants. Fareham 03292 8151.

● MARKETING

Industrial products search

A GROUP of Ontario businessmen seeking British engineering, industrial and computer products for manufacture in Canada under licence or through joint ventures are due to arrive in London on April 24.

Products and processes sought cover: foundry and metal stamping equipment, aluminium castings, sheet metal shelving, furniture and home hardware, electrical connectors and processes for overhaul of large dc motors, computer peripherals and associated communications equipment, machinery for man-made textiles production, and controls and instruments for handling dangerous materials.

Further information from the Business Development Branch, Ontario House, Charles II Street, London SW1Y 4QS (01-930 6404).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● SECURITY

Warns of an intruder

REPLACING conventional electromechanical equipment is a wholly electronic unit to prevent and warn of burglary attempts put on the market by Bunch Electronics.

Designed for houses in the £10,000 to £30,000 price range, the alarm meets the need for a reliable security system. It is mains-operated with a standby battery and is internally fused on the ac line.

The active components of the circuit are entirely solid-state including the main alarm and monitor sounders which are piezoelectric devices. Due to the low current consumption, approximately 3 milliamps in the de-activated state and not in excess of 100 in the activated state — the system requires minimal replacement of batteries. Installation and maintenance involves no soldering, thus eliminating faults through high resistance joints and giving considerable saving in time and cost.

The complete alarm control circuit is readily accessible and may be dismantled and replaced if necessary in five minutes with the use only of a screwdriver.

Bunch Electronics, 186 Sloane Street, London SW1. 01-235 9671.

INTERNATIONAL APPOINTMENTS

COMPANY NOTICES

THE ROYAL BANK OF CANADA

DIVIDEND No. 359

Notice is hereby given that a dividend of 34½ cents per share upon the paid up capital of this bank has been declared for the current quarter and will be payable at the Bank and its branches on or after 24th May 1977 to shareholders of record at the close of business 22nd April 1977.

By Order of the Board,
R. C. FRAZEE,
Chief General Manager.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the 6¾% First Mortgage Debenture Stock 1986-90 of the company will be CLOSED from the 8th to the 15th May, 1977 both dates inclusive.

By Order of the Board,
C. T. LOWNDES,
Secretary.
71-78 Victoria Street,
Wolverhampton.

THEATRES (Cont)

ROYAL COURT. 730 1745. Evenings 8. Saturdays 5 & 8.30. CURSE OF THE STARVING CLASS by Sam Shepard

SAVOY. 836 8888. Evgs. 8. Mats. Wed. 2.30, Sat. 3 and 8. ROBERT MORLEY, JULIAN ORCHARD in BEN TRAVERS' "Hilarious success." Daily Tel. BANANA RIDGE

SHAFTESBURY. 01-836 6596-7. Prev. from April 30th at 8.0. Opens 11 May at 7.0. Evgs. 8.0. Mat. Thur. and Sat. 2.30. WILFRID HYDE WHITE ALFRED MARKS PETER EGAN JANE DOWNS in a new play by WILLIAM DOUGLAS HOME ROLLS HYPHEN ROYCE Directed by Allan Davis.

SHAW. 01-388 1394. Evgs. 8.0. Sat. 6.0 and 8.30. Mat. Wed. 2.30. FAT HAROLD A Brutal Comedy by Alan Bleasdale "... A DRAMATIC EXPLOSION." E. News. Seats from 80p.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE—WE'RE BRITISH The WORLD'S GREATEST LAUGHTER MAKER

ST. MARTIN'S. 836 1443. Evgs. 8. Mats. Tues. 2.45. Sats. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 25th YEAR

TALK OF THE TOWN. 01-734 5051. From 8.15 Dng.-Dncg. 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. WILMA READING

THEATRE UPSTAIRS. 730 2554. Evgs. at 7.30. I MADE IT MA — TOP OF THE WORLD

VAUDEVILLE. 836 9988. Evgs. 8.00. Sats. 5 and 8. Mats. Tues. 2.45. GLENDA JACKSON in a new play by HUGH WHITEMORE STEVIE with MONA WASHBOURNE and PETER EYRE Directed by CLIFFORD WILLIAMS. "SIMPLY SUPERB—AN OUTSTANDING ACHIEVEMENT." Felix Barker E. News

VICTORIA PALACE. 01-834 1317. Evgs. 8.00. Wed., Sat. 6.00 and 8.45. CILLA BLACK in CILLA AT THE PALACE with GUEST ARTISTS "... A BOBBY DAZZLER OF A SHOW." Daily Telegraph.

WESTMINSTER. 01-834 0283. BROTHER FRANCIS Theatre Roundabout production "Uncommonly impressive" J. C. Trewin. Evgs. 7.45. Wed., Sat. 3.0.

WHITEHALL. 01-930 6692. GERALD HARPER DINAH SHERIDAN NORMAN ROSSINGTON in "Yet another of WILLIAM DOUGLAS HOME'S delightful comedies." Punch. IN THE RED Directed by Allan Davis. Eves. 8.0. Wed. 3.00. Sat. 6.00 and 8.45

WINDMILL THEATRE. 437 6312. Twice Nightly at 8.0 and 10.0. RAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stage." Evg. News. You may drink and smoke in the auditorium.

WYNDHAM'S. 836 3028. Mon.-Fri. 8.00. Sat. 5.15 and 8.30. Maggie Fitzgibbon, Gay Soper, David Firth and Robin Ray in the "BRILLIANT MUSICAL ENTERTAINMENT" People SIDE BY SIDE BY SONDHEIM "GO TWICE." S. Morley Punch "GO THREE TIMES." C. Barnes, N.Y.T.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: A STAR IS BORN (AA). Wk. & Sun. 2.00, 5.10, 8.10. Late show Sat. 11.10. 2: BEN HUR (A). Wk. & Sun. 2.00, 6.45 (last 6 days).

CASINO. Old Compton Street. 437 6877. BATTLE OF MIDWAY (A). IN SENSURROUND. Progs. Weekdays and Sun. at 2.15, 4.45, 7.50. All seats £2.

CURZON, Curzon Street, W.1. 499 3737. Lina Wertmuller's SEVEN BEAUTIES (X). (English subtitles). Daily at 2.0 (not Sun.), 4.05, 6.15, 8.30.

LEICESTER SQUARE THEATRE 930 5252. ROCKY (A). Sep. progs. Dly. 1.10, 4.30, 8.00. Late show Fri. and Sat. 11.45. Seats bkble. for 8.00 prog. Mon.-Fri. and all progs. Sat. and Sun. except late night shows.

ODEON, Marble Arch. 723 2011-2. THE PINK PANTHER STRIKES AGAIN (U). Sep. progs. Wk. 2.15, 5.30, 8.30. Sun. 3.45, 8.00. Late show Fri. & Sat. 11.45. All seats bookable.

PRINCE CHARLES, Leic. Sq. 437 8181. Richard Dreyfuss. INSERTS (X). Sep. Perfs. Daily (inc. Sun.) 2.45, 6.15, 9.00. Late show Fri. & Sat. 11.45. Seats bkble. Licensed Bar.

SCENE 4, Leic. Sq., Wardour St. 439 4470. Cont. perfs. daily 1.05. The Original EMMANUELLE (X). Progs. 1.05, 3.40, 6.15, 8.50. Late show Fri. & Sat. 11.25.

CINEMAS

STUDIO 1, Oxford Circus. 437 3300. Special Lunchtime Afternoon Shows (excl. Sun.) Child Price (Under 16) £1. WHEN THE NORTH WIND BLOWS (U). Progs. 12.00 and LCP 2.00. Eves. Only (inc. Sun.) EMMANUELLE (X) 6.20, 8.55 (Sun. 3.40, 6.20, 8.55). JUST ONE MORE TIME (X). 5.25, 8.00.

ART GALLERIES

GILBERT PARR GALLERY, 285 Kings Road, Chelsea S.W.3. MICHAEL GILLESPIE—Bronze Sculpture. BERNARD STERN—Recent Ink Washes. Until May 7. Opens Tues.-Sat. 9.30-5.30.

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. BERNARD DUNSTAN until 6 May. Mon.-Fri. 9.30-5.30. Thurs. until 7.

MARLBOROUGH, 6 Albemarle St., W.1. QUINTERO paintings and drawings. First London exhibition until April 22. Mon.-Fri. 10-5.30. Sats. 10-12.30.

EARLY ENGLISH WATERCOLOURS. 18th-30th April. Weekdays 10-6. Sats. 10-12.30. Exhibition given by MARTYN GREGORY, 34, Bury Street, St. James's, S.W.1. Tel. 839 3731.

REDFERN GALLERY. OXTOBY'S ROCKERS. Paintings and Drawings by David Oxtoby. 14 April-4 May. 20, Cork Street, London, W.1.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. DIANE HILLS. Until 6 May.

COLNAGHI'S, 14, Old Bond Street, W.1. 01-491 7408. EXHIBITION of 19th and 20th CENTURY PRINTS. Until 29 April. Mon.-Fri. 10-5.30. Sats. 10-1.

CLUBS

EVE, 189 Regent Street. 734 0557. A la carte or All-in Menu. Three Spectacular Floor Shows, 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOOR SHOW THE GREATEST BRITISH STRIP Show at Midnight also 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays. 01-437 6455.

LEGAL NOTICES

No. 001211 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WRENLAND BUILDERS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of April 1977, presented to the said Court by ITT DISTRIBUTORS LIMITED whose registered office is at Star House, Potters Bar, Hertfordshire, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TURNER PEACOCK,
1, Raymond Buildings,
Gray's Inn,
London, WC1R 5BJ.
Ref: M/CH/4a.
Tel: 01-405 7899.
London Agents for:
HINDLE AND TOOLE,
Blackpool,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of May 1977.

HOME NEWS

Surgeons attack 'wasteful' NHS

THE National Health Service should get far better value for its money, the Royal College of Surgeons has told the Royal Commission on the service.

Top-heavy management, too much paper work, too many committees, no incentive for doctors and others to save money, had led to waste and extravagance, says the college.

It advocates a shake-up of the system. Under its proposals, the 90 area health authorities would disappear, a Health Commission would be set up to run the service, and financial control would be more flexible to encourage hospitals to save cash.

Doctors would be expected to audit what they do more carefully, abandoning ineffective procedures, improving drug usage and eliminating superfluous tests.

A new spirit of trust within the NHS is badly needed, the College says.

Consensus management had failed, and should be abandoned. Individuals with the best interests of patients at heart should be given the authority to work together.

The proposed Health Commission would have an independent chairman and representatives from the CBI, TUC and the health professions. Regional health authorities would co-ordinate services and intervene as little as possible in local decisions made by district management authorities.

LORD HOME: in the chair.

Lord Home heads private discussions of more than 100 Western leaders

BY JAMES McDONALD

WE WILL be saying things in private that we wouldn't care to say in public, remarked Lord Home, chairman this year of the select Bilderberg meetings. They will be held to-day and over the week-end at Torquay with more than 100 leaders of Western society—politicians, industrialists and trade union leaders—present.

Lord Home has taken the chairmanship for this year after the decision by Prince Bernhard of the Netherlands—the first chairman of the meetings 1954, at the Bilderberg Hotel in Oosterbrook, Holland—to resign from the chairmanship over the Lockheed payments affair.

In London yesterday is was stressed that the Bilderberg meetings were not secret, only private.

Mrs. Margaret Thatcher, leader of the Conservative Party, will not be at the meeting, although she had accepted, because of the pressure of two impending by-elections.

The themes of the meetings will be North American and Western European attitudes towards: the future of mixed economies in the Western democracies; the third world's demand for restructuring world order; and the political implications of those attitudes.

The members of the meeting will discuss three working-papers. The first is by Wolfgang Hager from the Research Institute of the German Association of Foreign Policy, Bonn, with a second paper on the same first theme by Lester C. Thurow, professor of economics, Massachusetts Institute of Technology.

On the second theme there will be working papers from Richard Cooper, professor of economics at Yale and Under-Secretary of State designate for Economic Affairs, and M. Thierry de Montbrial, professor at the Polytechnical School and head of the Analysing Centre at the French Foreign Office.

Although the meetings are private and there are no permanent members — apart from the 25-strong steering committee which produces the agenda—all the people invited to previous meetings receive a full report of the discussions. Over the past 20 years 1,200 leading personalities in the West have attended these meetings.

HERR SCHMIDT: in attendance.

Group Gold Mining Companies
Orange Free State

Reports of the directors for the quarter ended 31st March 1977

Free State Geduld Mines Limited

Freddies Consolidated Mines Limited

ISSUED CAPITAL: 1 000 shares of R2 each
PLANNED PRODUCTION FOR THE YEAR ENDING SEPTEMBER 30 1977
Tonnage 1 100 000 Grade 6.2 grams per ton (previously 7.0)

	Quarter ended Mar. 1977	Quarter ended Dec. 1976	6 months ended Mar 1977
OPERATING RESULTS			
Tons milled	285 000	279 000	564 000
Yield—g/t	5.51	5.61	5.56
Gold produced—kg	1 567	1 564	3 131
Revenue per ton milled	R19.84	R20.99	R20.41
Cost per ton milled	R20.01	R19.69	R19.85
Profit (Loss) per ton milled	(R0.17)	R1.30	R0.56
Revenue	(R5 645 000)	R5 854 000	R11 499 000
Cost	R5 693 000	R5 491 000	R11 184 000
Profit (Loss)	(R48 000)	R363 000	R315 000
FINANCIAL RESULTS			
Working profit/(loss)—Gold	(R48 000)	R363 000	R315 000
Net sundry revenue	111 000	75 000	186 000
Profit before taxation	63 000	438 000	501 000
Taxation—estimated	—	—	—
Profit after taxation—estimated	R63 000	R439 000	R501 000
Capital expenditure	R157 000	R532 000	R689 000

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended March 1977	3 086	138	21.9	39.50	865	0.79	17.34
Quarter ended Dec. 1976	3 114	272	28.9	32.46	935	0.59	17.07

Western Holdings Limited

Free State Saaiplaas Gold Mining Company Limited

President Steyn Gold Mining Company Limited

Welkom Gold Mining Company Limited

President Brand Gold Mining Company Limited

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

NOTES

1. JOINT METALLURGICAL PRODUCTION SCHEME
The completion of the flotation, acid and gold plants of the Joint Metallurgical Complex is behind schedule. The uranium plant which was commissioned last year has not achieved rated throughput. However, the commissioning of the complex and the attainment of full production should be achieved towards the end of June.
URANIUM PLANT
Slimes treated: tons—152 000
Concentrate treated: tons—Nil
Uranium oxide produced: kg —23 770
2. Development values represent actual results of sampling, no allowance having been made for adjustments necessary in estimating ore reserves

The Transvaal Groups results appear on another page in this paper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries:

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

PARLIAMENT and POLITICS

Silkin may win best deal since EEC entry—PM

BY IVOR OWEN, PARLIAMENTARY STAFF

IF MR. JOHN Silkin, Minister of Agriculture, is able to secure agreement next week for the farm price package authorised by the Cabinet, British consumers will receive the best deal since entry into the EEC. Mr. James Callaghan, Prime Minister, told the Commons yesterday

Mr Callaghan warmly praised Mr. Silkin for his handling of the negotiations on Community agricultural prices for the coming year and stressed that an agreement on the basis approved by the Cabinet would be "well worth noting."

Earlier. Mr. Silkin made it clear that he will be resuming negotiations with his EEC colleagues still determined to get a deal on butter

He was seeking a deal which insulates British consumers as far as possible from the inevitable increases arising from the already agreed transitional steps and from the new price review determinations

Mr. Bryan Gould (L., Southampton Test), a leading critic of the EEC, referred to a claim by the Danish Dairy Federation that butter was being stockpiled in Britain in the hope of cashing in when butter prices rose by 18p a pound by the end of the year.

While agreeing that the two transitional steps which had yet to be taken would increase the price of butter by about 12p or 13p a pound, Mr. Silkin could not confirm any claims about action taken on stockpiling.

Transition

But he conceded that as the transitional steps had been public knowledge since the Treaty of Accession those making their calculations on stocks had had a long time to prepare

Commercial stocks were probably as good a guide as any, said the Minister, and these stood at the moment at about 119.000 metric tonnes, pretty well the average figure for the past two years or so.

Mr. Doug Hoyle (L. Nelson and Colne), asked what housewives were to put on bread in future, in view of the impending increase in butter prices and the EEC proposal for a margarine tax.

Mr. Silkin replied: "As far as I am concerned, butter if she wants to and margarine if she wants to."

A suggestion by the Minister that a change, "perhaps a sea change," was developing in the EEC Common Agricultural Policy, led Mr. Eric Heffer (L., Liverpool Walton) to demand that unless fundamental changes had been made during the next six months Britain should consider leaving the Community.

"I hope you will put this to the Cabinet." Mr. Silkin repeated his view that a change was taking place and agreed that the Government should build on it and do so quickly.

Changes

"But I don't think we are going to get fundamental and revolutionary changes in a matter of six months. I do believe that the process of change has started and I want as far as I can to continue that process so that we can get the best possible improvement."

Mr. Silkin refused to be drawn into commenting on the talks he was to have later with Mr. Gundelach, the EEC Commissioner for Agriculture.

But he said he hoped the result would be a prices package of which the House and the country would approve, "preferably by Tuesday or Wednesday of next week."

Mr. Evelyn King (C Dorset S) commented that if it were desirable to obtain the cheapest food in the world, irrespective of the interests of the farm worker, it should be equally desirable to obtain the cheapest coal in the world, irrespective of the coal miner, and the cheapest electricity."

Mr. Silkin said many foods were efficiently produced within the U.K. and elsewhere in the Community He knew there were

Mr. John Silkin

certain structural surpluses of foodstuffs, including a large mountain of butter.

He was assisting by trying to obtain a more flexible approach to importation and to "chip away at the butter mountain"

Bed of nails

Mr. John Biffen (C., Oswestry) said the consumer would be forced to accept a "bed of nails" if dairy production in the EEC continued to improve and surpluses mounted.

Mr Silkin replied that the EEC was only beginning to deal with surpluses Community policies should benefit both consumers and producers The only reason for surpluses was that food was sold at too high a figure.

Mr. Dennis Skinner (Lab., Bulsover) suggested holding a further referendum, so that people could vote on "so-called" changes in the Common Agriculture policy. They could then consider "escalating food prices, one after another, day-after-day."

Mr. Hamish Watt (SNP, Banff) said the CAP was totally incompatible with British interests. Britain should opt out on certain commodities and procure deficiency payments.

Mr. Silkin agreed fundamental rethinking on the CAP was necessary But it was important for him first to settle the prices review.

North Sea oil output costs up

BRITAIN'S NORTH Sea oil is costing between $3 and $9 a barrel to produce. Present market prices for most North Sea oils are more than $14 a barrel, Dr. Dickson Mabon, Minister of State Energy, said in a Commons written reply.

Costs of production varied widely from one oilfield to another The overall range for the 14 commercial fields was estimated to be $3 to $9, against the range of $2 to $8 given previously.

Next week's business

COMMONS

Monday—end of Debate on direct elections to European Assembly European Communities (Definition of Treaties) Orders

Tuesday—Debate on mobility for disabled. Local loans (Increase of Limit) Oorder.

Wednesday—Second reading, Price Commission Bill, EEC Documents, direct life-assurance

Thursday — Finance Bill, second reading, Southern Rhodesia (UN Sanctions) order

Friday — Private Members' Bills

Monday, May 2 to be announced

LORDS

Tuesday—Marriage (Scotland) Bill — Commons amendments New Town Scotland Bill, committee Road Traffic Seat Belts Bill Second Reading, UN Law of Sea Conference—debate

Manpower move

RESPONSIBILITY FOR the activities of the Manpower Services Commission in Scotland and Wales is to be transferred to the Welsh and Scottish Secretaries on July 1, Mr. Albert Booth, Employment Secretary, said.

Standard of living 'better next year'

By Rupert Cornwell.

BRITAIN'S STANDARD of living will stabilise this year and start to improve in 1978 if the Government manages to continue its policy of wage restraint, the Prime Minister promises to-day.

But in a message to the Labour candidate in next week's Ashfield by-election, Mr. Callaghan couples the encouragement to be drawn from more cheerful economic indicators with a warning that if the present strategy is abandoned, rampant inflation will return.

"There are now some very positive signs—a stable pound, falling interest rates, an improved balance of payments, and rising business confidence," the Prime Minister says.

"The last thing we want is for that growing confidence to be shattered—as it will be if we do not persevere."

His exhortation comes barely 24 hours after publication of Department of Employment statistics which show prices rose about twice as fast as wages during the first seven months of phase two.

Mr. Callaghan, in his message, makes a warm reference to the miners, whose industry is the biggest employer in the Ashfield constituency but who pose one of the biggest threats to a successful negotiation of phase three with the unions.

Vigorous

A vigorous and expanding coal-mining sector was vital to help the regeneration of British industry and would be needed when North Sea oil was coming ashore at full flow, Mr. Callaghan adds.

"I must pay special tribute to the miners themselves whose loyalty has never been in doubt despite Tory attempts in 1974 to make out otherwise."

Food price increase

By Ivor Owen

BETWEEN FEBRUARY, 1973 and March, 1977, the index of retail food prices increased by about 120 per cent., Mr. Edward Bishop, Minister of State, Agriculture, told the Commons.

Tories urge quick decision on Euro-MP elections

BY RUPERT CORNWELL

TACTICAL MANOEUVRING over the forthcoming Bill for direct elections to Europe is reaching a new pitch, as the Tories intensify demands for a speedy vote on the method of election to be employed.

Both the PM and Mr. Michael Foot, Labour's deputy Leader, came under repeated pressure yesterday to allow such a vote after Monday's final day of the debate on the Government's White Paper setting out the options.

Last night, Mr. Foot assured anxious Labour MPs at a private meeting that the division would be on entirely procedural grounds and therefore of no real significance.

The agitation reflects the acute fear of Conservatives that they could be boxed into a position where they are forced to choose between supporting legislation containing proportional representation, which the party mainly opposes, and sabotaging the entire Bill.

On the other hand, Ministers, who mostly favour a regional list system of proportional representation for the European elections, want to keep things fluid as long as possible and avoid an early showdown with the Labour anti-Marketeers who will oppose the entire Bill.

At the same time, they would sidestep being forced by a Commons vote into adopting the first-past-the-post system advocated by the Conservative majority.

This would put a severe strain on the vital agreement with the Liberals, who are passionately in support of PR.

Mrs. Margaret Thatcher, the Opposition leader, yesterday accused the Prime Minister of being afraid of reaching a specific decision on Monday, but Mr. Callaghan retorted that the Government wanted to listen to the views of MPs before making its proposals "in due course."

Later, she put the same challenge to Mr. Foot, arguing that these views could only be judged after a clear vote on alternative electoral systems.

The Leader of the House replied that this would come "in the normal way" during the Bill's passage through Parliament.

The legislation is expected to be published around the end of May.

Although the Cabinet has not yet made up its mind, senior Ministers were predicting yesterday that the Bill would contain a recommendation on a particular voting method.

Such timing would already be cutting it very fine if the present target date for the first Community-wide direct elections in May, 1978, is to be met, and Mrs. Thatcher is now increasingly sceptical.

The Opposition leader herself sees no objection to putting the date back until that autumn—which would, of course, allow more time for the battle to instal first-past-the-post

Another pretext for delay is the closeness of May, 1978, to the crucial French Parliamentary elections just two months before.

● Rumours that the Government has decided to separate the devolution proposals for Scotland and Wales in a bid to get the Devolution Bill on the Statute Book were answered by Mr. Michael Foot yesterday

Mr. Foot told MPs: "No decision whatever has been made about any separation of the Bills.

"Whatever decision may be made the Government's commitment to devolution stands and we are determined to carry it out, as we are for Scotland."

Profumo records

BY RUPERT CORNWELL

THE ULTRA-CONFIDENTIAL files of the Denning Inquiry into the Profumo scandal of 1963 have, after all, not been destroyed, as Lord Denning claimed on Wednesday, but are still in the Cabinet Office.

This was disclosed to the general astonishment of the Commons yesterday by the Prime Minister — barely 24 hours after Lord Denning himself had claimed in a House of Lords debate that the records had been destroyed.

Mr. Callaghan's timely remarks will have partly stilled the anger of a number of Labour MPs at the peremptory fashion in which possibly vital historical documents had seemingly been done away with forever.

However, it was being widely pointed out at Westminster last night that a number of important issues are still unanswered in the strange affair,

Mr. Callaghan told the Commons yesterday that it had been agreed that the documents should not be handed over as public records and were in the Cabinet office.

But Lord Elwyn Jones, the Lord Chancellor, said later in the House of Lords that they were undoubtedly public documents, and that the question of their fate would not arise until they were 30 years old, well into the 1990s.

Through a statement by Lord Elwyn Jones in the Upper House, Lord Denning made it plain last night that when he stated that the evidence had been destroyed, he had assumed and inferred from the circumstances that this had been done.

"Lord Denning has asked me to convey how sorry he is that he drew the wrong inference, and he is glad to know that the documents are still in existence." the Lord Chancellor said.

Freeson warns Tory councils on housing

BY IVOR OWEN, PARLIAMENTARY STAFF

CONSERVATIVE - controlled local authorities who cut back their housebuilding programmes below the level authorised by the Government could find themselves subjected to "counter-measures" from Whitehall, Mr. Reginald Freeson, Minister for Housing and Construction, hinted in the Commons last night.

He was replying to an Opposition attack on the Government's housing record, which culminated in an attempt—defeated by 259 votes to 233, a Government majority of 26—to halve his Ministerial salary.

Mr. Freeson said there were ominous signs that Conservative-controlled councils up and down the country were cutting back on their building programmes.

Housing tender acceptances by Tory councils were well below the number provided for by the expenditure allocation made by the Government

Amid Labour cheers, Mr. Freeson announced: "I have asked officials to probe the matter urgently so that I can consider whether appropriate counter-measures are necessary."

Meanwhile, he called on Conservative leaders in Parliament to urge their colleagues in local government to support national housing policy by at least maintaining local authority building up to the approved level.

Tory MPs indignantly denied the Minister's charges and cheered Mr. Nicholas Fairbairn (C., Kinross and West Perthshire) when he suggested that the matter should be left to the judgment of the voters in next month's municipal elections.

"Despite our present economic restrictions, we intend to maintain a high level of housing in the public as well as the private sector." Mr. Freeson stated

He clashed with Mr. Michael Heseltine, shadow Environment Minister, when in restating Government policy on the sale of council houses to sitting tenants, he ruled out "indiscriminate sales"

Mr. Heseltine contrasted Government constraints on the purchase of council houses by tenants with the clear-cut Conservative policy which would give "statutory rights" to council tenants to buy their own homes.

Drax B costs row flares

BY IVOR OWEN, PARLIAMENTARY STAFF

INSISTING ON the need for the early ordering of the Drax B coal-fired power-station in the Commons yesterday, Mr. Anthony Wedgwood Benn, Energy Secretary, accused the Central Electricity Generating Board (CEGB) of exaggerating the cost involved.

He gave no ground on the central issue, strongly pressed by Tory MPs that the CEGB should receive compensation from the Government if it is involved in a financial loss through being required to order Drax B in advance of actual requirements.

"I warn the House not to believe every inflated estimate that the CEGB has seen fit to give the Press, because they are not correct." Mr. Benn said

Leading a sustained attack on the Energy Secretary, Mr. Tom King, Shadow Energy Minister, said it was the unanimous view of the CEGB and the Electricity Council that the Drax B order should not be proceeded with by the electrical industry without compensation from the Government.

It was the statutory duty of the CEGB to provide the most economical supply of electricity, and the "request" by the Secretary of State that the order should be placed without delay was tantamount to an invitation to it to breach its statutory responsibility.

Mr. King accused Mr. Benn of indulging in the kind of private directive he had been so keen to deplore on previous occasions in the past.

It would be much more satisfactory, if such a policy were to be pursued, for it to be brought out into the open.

Mr. Benn retorted that Mr King had "got it a bit wrong." He recalled that Drax B had been announced as being firmly in the CEGB's programme as long ago as 1969

The Government was now engaged in discussions with the CEGB on the future of the power station programme on the basis that there was a need for a special ordering programme.

All that had happened said Mr. Benn, was that his private correspondence with Sir Arthur Hawkins, the Chairman of the CEGB, had become public—"not that I make any complaint about that."

Rupert Cornwell writes: Backbench Labour suspicions of a deal between the Government and GEC erupted into anger at a private meeting of the Parliamentary Party last night, as MPs demanded to meet Mr. Eric Varley, Industry Secretary

Mr. Varley, however, was out of London campaigning for next week's by-elections, and efforts were being made to set up talks at Westminster with another Minister involved.

The protests, led by Mr. Mike Thomas (Lab., Newcastle upon Tyne E.), are at alleged plans of the Government to abandon arrangements for the National Enterprise Board to hold a balancing stake of 20 per cent. in Parsons, thus allowing GEC to take outright control

The MPs fear that such a situation could lead to 1,600 redundancies in Mr. Thomas's Newcastle constituency, where unemployment already runs at about 10 per cent.

Race Equality commission members named

Membership of the Commission for Racial Equality, to be chaired by Mr. David Lane, was announced in the Commons.

Mr. Merlyn Rees, Home Secretary, said in a written reply that the members were Mr. Tom Jackson, Secretary of the Union of Post Office Workers, Mrs. Juliet Cheetham, lecturer in Applied Social Studies, Oxford University, Mr. Frank Cummins, headmaster of Thomas Telford School, Sandwell, West Midlands; Mrs. Anowara Jahan, liaison office, Asian Centre, Finsbury Park; Mr. Courtney Laws, director of Brixton Neighbourhood Community Association.

Mr. William Morris, district seretary, Transport and General Workers' Union, Northampton; Mr. Robert Ramsey director, Industrial Relations, Ford Motor Company; Mrs Gwenneth Rickus, director of education, Brent, North London, Dr. Preetam Singh, a barrister, and Mr. Alan Wilson, group personnel director, Tootal.

It has already been announced that Mr. Clifton Robinson, Mr Bashir Mann and Mr. Pranlal Sheth will be deputy chairmen One more appointment will be announced later

The Commission's first job will be to prepare for the new Race Relations Act to come into force on June 13. The Commission will then replace the Community Relations Commission and the Race Relations Board.

Written Answers

TREASURY

Mr. Geoffrey Dodsworth (Con. South West Hertfordshire. What consideration has been given to the Corporate Plan for Rolls Royce (1971) when preparing the Public Expenditure Estimates?

Mr. Joel Barnett, Chief Secretary. The Rolls Royce Corporate Plan for 1977-81 is being considered by the NEB who are responsible for the financing of the company. The amount of Government funds to be made available to the NEB, to meet this and their other responsibilities, will be reviewed in the normal course of the 1977 public expenditure survey.

LABOUR NEWS

Talks could end Heathrow strike by the weekend

BY DAVID CHURCHILL, LABOUR STAFF

HOPES THAT the crippling British Airways strike could be over by Sunday rose sharply last night following a mass meeting of the 4,000 striking maintenance engineers.

The strikers authorised their shop stewards to hold talks to-day with other unions on the official negotiating machinery to find an agreed claim for shift pay rises. If these talks are successful in reaching a joint agreement, then the strikers will be told to return to work on Sunday morning.

Mr. Reg Birch, the Amalgamated Union of Engineering Workers' national officer for the civil aviation industry, said after the meeting that the strikers felt their dispute had been successful and they had achieved their aims. "I believe the men will now return to work—the only obstacle will be external influence from outside the AUEW membership," he added

But whether this latest unexpected peace move among the many that have been considered during the 19-day dispute will finally produce a return to work depends on how far the engineers and other unions are prepared to compromise on the shift pay formula

To-day's meeting of the Engineering and Maintenance Panel's wages sub-committee, the official procedure the strikers have so far boycotted, will be crucial in determining whether a percentage or flat-rate increase will be put forward. A percentage rise would favour the strikers as it would maintain their differentials over other less-skilled workers.

The engineers' claim for separate negotiating rights may also prove a stumbling block to a return but they could accept the airline's offer of further talks on this issue.

The results of to-day's talks will be put to a meeting of 258 other engineering shop stewards to-morrow who will then take a final decision on whether the strikers should go back on Sunday.

Hours after the men had voted to return to work on Sunday Mr. George Guy, chairman of the panel, said there was no chance an agreement could be reached to-day. The claim was too complicated to rush through, he said.

"This is a very involved and complicated piece of negotiation," he added. You just can't bulldoze your way through it to reach a formula purely for the engineers.

"It could take days or even months to reach agreement on a claim."

British Airways was able to operate about 65 per cent. of its European services yesterday, as well as a limited shuttle service and all long-haul flights. A British Airways spokesman said last night that about 30 per cent. fewer passengers than normal were on the intercontinental services because people who had booked were not turning up.

Journalists support phased pay policy

BY ALAN PIKE, LABOUR STAFF

THE NATIONAL Union of Journalists supported the principle of a third phase of pay policy yesterday in one of the year's first tests of trade union conference opinion.

Delegates voted by 149 to 141 to reject demands for an immediate return to free collective bargaining, and substituted a call for a planned return. Despite the narrow majority, the result represents a triumph for supporters of incomes policy in the union since the NUJ had appeared likely to take a stand against Phase Three.

Mr. Ken Morgan, general secretary, expressing the executive view that the end of pay controls should be a phased process, warned the conference against "an uncontrolled explosive lifting of restraint."

He said that a continuing agreement between the TUC and the Government could offer priority for the low-paid, restoration and re-definition of differentials and rewards for productivity. In total, these were a better recipe for the NUJ, the trade union movement as a whole and the nation than going to the wall with winner taking all.

● The management of the East Midlands Allied Press said yesterday that publication of its two dozen newspapers and magazines would continue in spite of a total stoppage by members of the National Union of Journalists

About 140 journalists throughout the group stopped work in support of 60 colleagues on three of the company's newspapers at Kettering which have been involved in a dispute, for 20 weeks.

The strike call was made by delegates to the NUJ conference at Ilkley, and the management said that all the union's members had stopped work.

No steel sympathy strike

BY OUR LABOUR STAFF

ELECTRICIANS FROM the British Steel Corporation's Llanwern works in Gwent decided yesterday not to stop maintenance work on iron ore handling equipment

This is despite an appeal from the leader of the 520 striking electricians at the Port Talbot plant in South Wales.

Production could have been halted if the 433 Llanwern electricians had decided to support the strikers by stopping work. Instead they agreed to make a £1 each weekly contribution to the Port Talbot strike fund

They also voted to condemn "blackleg" foremen, who the strikers claim have been doing part of their work. Mr. Bevan warned that when the strikers returned to work they would refuse to work with the foremen.

Stewards reject Ford's offer

By Nick Garnett, Labour Sta[ff]

CRAFT UNION shop stew[ards] representing 1,000 engineers [and] maintenance men on strik[e at] Ford's Halewood factory reje[cted] a company peace offer yester[day.] There appeared to be no pros[pect] of an early solution.

The strike, which starte[d a] week ago, has closed the fac[tory] causing a production loss [of] 4,000 Escorts worth £8m.

Production of Transit van[s at] the company's Southamp[ton] plant — running at 300 vehi[cles] a day — will be halted [...] morning because the plan[t is] being starved of gearboxes m[ade] at Halewood. This will cost [the] company a further £1m. a [...]

Ford said that 1,000 wor[kers] would be laid off in Southa[mp]ton. The rest of the facto[ry's] 4,000 workers, who help prod[uce] medium and heavy trucks, [will] not be affected.

The Cortina production lin[e at] Dagenham is also dependent [on] gearboxes made at Halew[ood.] The company said stocks t[...] would last for a number of d[ays.]

Talks between Ford man[age]ment, shop stewards and [...] district officials broke down [on] Wednesday. No fresh talks [have] been arranged.

Broke down

The company offered on W[ed]nesday to put the question [of] disciplinary procedures — [the] cause of the dispute—to [the] company's national joint ne[go]tiating committee if the [men] returned to work. Union offic[ials] who attended reported to [the] shop stewards yesterday. It [was] decided that there was no b[asis] for a return to work.

The men are demand[ing] separate recognition for th[e] senior shop steward in the b[...] plant of Halewood's—wh[ere] 8,000 workers are now laid[-off.] They want more representat[ion] for skilled shop stewards [in] disciplinary matters. The disp[ute] arose over an interpretation [of] how disciplinary matters shou[ld] be handled in individual case[s.]

Helicopter pilots plan arbitration call

By Our Labour Staff

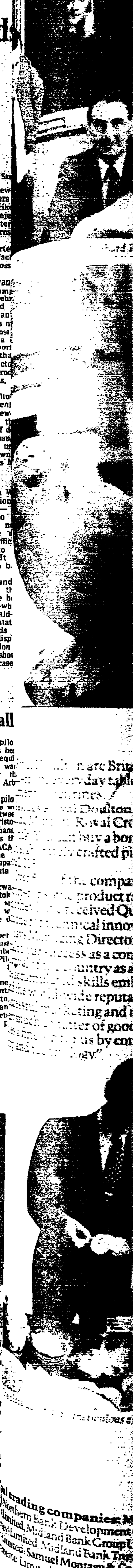
NORTH SEA helicopter pilo[ts] whose week-long strike has be[en] dislocating supplies of equ[ip]ment and crew to oil rigs, wa[nt] the dispute handled by th[e] Advisory, Conciliation and Arbitration Service.

A spokesman for the pilo[ts'] strike committee said there w[as] now a total deadlock betwe[en] them and their company, Bristo[w] Helicopters. If there is no chan[ge] in the next couple of days th[e] committee will call in the ACA[S.] The strikers want all the [...] pilots dismissed by the compa[ny] reinstated before the dispute [is] put to arbitration.

More than 70 British Airwa[ys] helicopter pilots went on a tok[en] 24-hour strike yesterday in su[p]port of the Bristow men w[ho] stopped work following the d[is]missal of a colleague.

Bristow has still been oper[at]ing most of its flights by us[ing] staff pilots who are not membe[rs] of the British Airline Pil[ots] Association to which all [the] strikers belong.

The Transport and Gene[ral] Workers Union is preventi[ng] fuel supplies reaching Bristo[w's] Aberdeen base and oil compan[ies] are worried about the affect [a] long dispute would have on p[ro]duction.



MOSS EVANS ● THE NEW TGWU LEADER

A pragmatic enigma

THE NEXT general secretary of Britain's biggest union, the Transport and General Workers, is something of an enigma.

Mr. Moss Evans, whose succession to the biggest trade union job in the land was confirmed yesterday does not come to the job with the kind of creed that can be fixed in the Left-Right political spectrum.

Above all, Mr. Evans is a pragmatist, an able negotiator from the mainstream of union business, who knows to the nearest halfpenny what employers will give and his members will accept

From a Welsh background he made his way to the top via the TGWU's Midlands region forcing house: the same stable that produced Mr Jack Jones, the working man's champion, and his sophisticated deputy Mr Harry Urwin

Since he was elevated to the job of national organiser, a move interpreted on all sides as preparation for the number one job, Mr Evans has been acting as recruiting agent and fixer, while retaining his outside industrial relations presence mainly as chairman of the union side on Ford Motor's national negotiating machinery.

As national organiser, he has been charged with handling relations with the other unions that the TGWU would like to snap up, as well as driving into those grey areas where union membership is weak. This has meant hob-nobbing in such unlikely premises as the Jockey Club, where the TGWU raised the banner after the Newmarket stable lads went out on strike.

In his new job, which he takes up in March next year, Mr. Evans will soon have to show his true political colours, even if they are tempered by the shifting political winds Even Mr. Jones, long known as a Left-winger, has lately moved to some indefinable position where loyalty to the Labour Government has meant, in many critics' eyes, abandoning — at least temporarily—the old tenets of the union movement.

Mr. Jones' readiness to abandon local wage bargaining in the national interest by selling and delivering two years of voluntary wage control is the most obvious example. But perhaps more significantly in the longer term is the way the TGWU has wedded itself to worker participation on company Boards, despite the cry of "sellout" from the Left.

If this is the direction which the Labour Movement [is] going, the TGWU may have Moss Evans the right man.

At 51, Mr. Evans has a l[...] reign ahead of him. He sets [...] a friendly, talkative man, bu[t it] would not be surprising if [that] trait is strained: the pressu[res] on the general secretary of [the] Transport and General Work[ers] Union are enormous. Mr. Jo[nes'] weekly timetable is every bit [as] full as that of a Governm[ent] Minister.

This post carries a salary [...] under £7,00 0a year.

CHRISTIAN TYL[ER]

After the announcement yesterday: Mr. Moss Evans (left) wi[th] Mr. Jack Jones, Mr. Stan Pemberton, chairman of the TGW[U] general executive council and Mr. Harry Urwin, depu[ty] general secretary.

مكنة من الاصل

Steward reject Ford's offer

Helicopter pilots plan arbitration

EW TGWU LEADER

c enigma

هكذا من الأصل

Directors: Geoff Cooper (left), and Richard Bailey.

"Midland Bank does a fine job for us by complementing our craftsmanship and technology"

–Richard Bailey, Managing Director, Royal Doulton Tableware Limited

In the decorating shop: a craftsman working on a new range of wildlife sculptures.

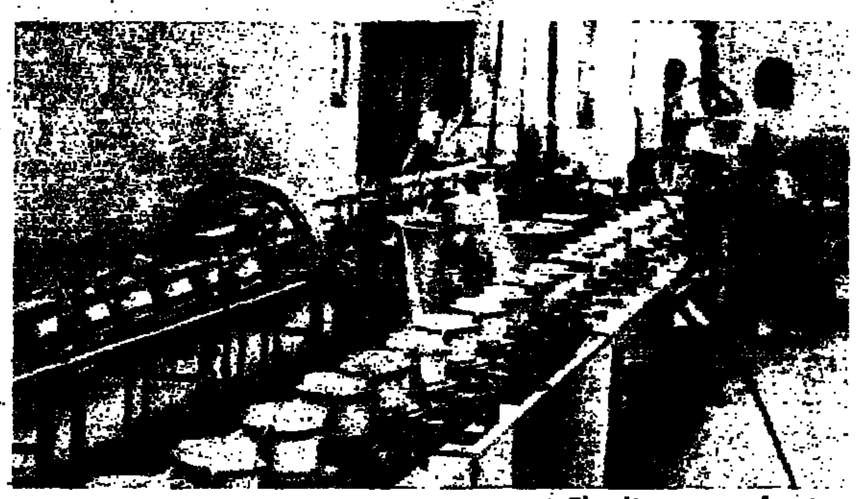
Royal Doulton are Britain's biggest manufacturers of china–from everyday tableware to the most elaborate ornamental figurines.

Besides Royal Doulton, their famous brand names include Minton, Royal Crown Derby, Royal Albert, and Beswick. You can buy a bone china cup-and-saucer for £1–or an elaborately crafted piece from the Figures Collection for £2,113.

Over 50% of the company's total production goes for export–for some product ranges that figure exceeds 80%. And they have received Queen's Awards, two for exports and one for technical innovation.

Says Managing Director, Richard Bailey: "Exports are vital to our success as a company and, indeed, to the survival of the country as a whole. Our greatest assets are the accumulated skills embodied in our 10,000 employees and the world-wide reputation of our brand names. The successful marketing and manufacture of fine china is very much a matter of good teamwork, and the Midland does a fine job for us by complementing our craftsmanship and technology."

"The plate decorator's meticulous artistry."



Flowline cup production.

"A million dollars a month and no bother"

Geoff Cooper, Finance Director, takes up the story: "We've always had very good service from the local Midland branch at Hanley.

"That can be crucial in the export field, where the sheer quantity of documentation demands a high degree of expertise and organisation."

Royal Doulton's foreign currency needs are particularly complex. With the virtual disappearance of fixed exchange rates over the last three years, competing in fiercely contested overseas markets takes on added problems and perils.

Says Geoff Cooper: "What we've wanted from the Midland, we've got. For example, to protect us from fluctuations in exchange rates, Midland Bank's International Division helps us with forward currency dealings. This can involve a million dollars a month. With the Midland that's no bother. Everything happens as it should."

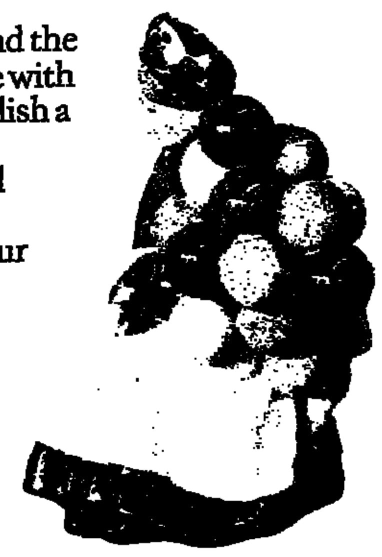
"Midland Bank support helps us to increase our exports"

Royal Doulton people are expert craftsmen and women: even with automated processes a piece may be handled no less than 36 times. "We're potters," they say. "We make functional things, fit for their purpose, that are also artistically satisfying."

The plate decorator's meticulous artistry, the skill of the engineer, the intense professional affection a figure painter brings to each owl: all illustrate the essential role of people in this craft-based yet highly sophisticated company.

Most of the company's production takes place in the famous pottery towns around Stoke-on-Trent, where Royal Doulton are continuously expanding and modernising their factories to boost production. Midland Bank finance is used for capital expenditure, including, for example, a £1½-million medium-term loan for new plant.

Says Richard Bailey: "We find the Midland are personable people with whom it has been easy to establish a sound and profitable business relationship. They give us good financial support as a result of which we are able to develop our business and increase our exports."



Old Balloon Seller, from the Royal Doulton Figurine Collection.

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Talk to your local Midland manager–he can put you in touch with all the right people.

A rare pâte-sur-pâte vase from the Minton Museum.

Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited; **Northern Bank Limited**, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited; **Midland Bank Trust Company Limited**, Midland Bank Group Unit Trust Managers Limited; **Midland Bank Finance Corporation Limited**, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited; **Midland Bank Insurance Services Limited; The Thomas Cook Group Limited,** Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited; **Samuel Montagu & Co. Limited (Incorporating Drayton)**, Drayton Montagu Portfolio Management Limited, Guyerzeller Zurmont Bank AG, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited; **Bland Payne Holdings Limited**, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited; **London American Finance Corporation Limited**, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

The Property Market

BY QUENTIN GUIRDHAM

Funds still bothered by DLT amendment

Clause 45 of the Finance Bill, aimed at satisfying institutional worries about liability to Development Land Tax on funding leaseback schemes, has not pleased everyone.

The most obvious reason for the amendment was the danger that funds, with the date of deemed disposal taken at the signature of agreements on leasing and financing, would not be able to offset any building cost. This has been cleared up. But only, perhaps, in terms of the pure building costs, not, crucially, the finance cost where the institution agrees to provide the interim money and roll up the interest.

What has to be defined is what expenditure is allowable. More fundamentally, a spokesman for the National Association of Pension Funds yesterday queried a far more difficult point. "Really, these transactions don't come within the net of DLT at all. There is no development land profit in them apart from the local authority of new town corporation's land profit." What the institution takes, so the argument goes, is a risk on the finance. The authorities, which stand to make the land profit, are exempt from DLT.

The point on rolled-up interest could be cleared up by an amendment to the Finance Bill, if the Government really wants such costs exempted from calculations (part would anyway be carried in the 110 per cent. of costs basis used in DLT). Or in some cases local authorities might be willing to fund interest, though few would like to have to do this from their revenue.

But the difficulty remains that if a fund agrees to finance the local authority at say 8 per cent., the District Valuer may take the view that the completed development should be rated at 7 per cent. The fund would claim that the building is not up, it is not let, that it in no way should be taxed on the risk it takes that the development may flop, so that 8 per cent. must be the rate used in capitalising the income stream.

The British Property Federation is among those worried by the situation, and will seek clarification next week. Essentially it thinks that the tax was meant to catch land profit, not development profit and that the two are in danger of getting mixed up.

Presumably the Opposition will also be allerted. Meanwhile its spokesman Mr. Hugh Rossi has confirmed the Tories' intention to repeal the Land Act and to produce a special gains tax, at between 50 and 60 per cent., to catch windfall site value gains.

ESN's industrial programme

"We are trying not to prelet," said Richard Ellis this week when explaining their role in project managing £20m.-worth of industrial schemes for pension funds, mainly the Electricity Supply nominees and the Imperial Tobacco Group Pension Trust. If funds are to do direct development, they may as well stick out for the maximum rewards where possible; but even so, given the short building times involved on warehousing, to hold out against pre-lets show how confident developers of quality space have become that rents will move ahead by the autumn.

Ellis, buying the first direct industrial development site for *ESN in Cumberland Avenue*, Park Royal, London NW10 a year and a half ago has been able to use financial muscle when the market was still weak. The first phase of 60,000 square feet was completed in January and all six units (three of them to National Cash Register) are committed at rents reported at around £1.90 a square foot. Another 50,000 square feet will be completed by August with asking rents from £2.10 a square foot. The site was bought from Unigate.

This is one of the schemes Ellis is quoting when saying that institutions prepared to take the risks of direct development can achieve yields of up to 13 per cent. as against 9-10 per cent. on traditionally funded schemes.

Apart from an improving rental outlook, it is stressing two points currently in favour of industrial development. One is the fall in building cost escalation to around 10 per cent. a year (against 2 per cent. a month at the peak in 1974-75). Even this is above the increase shown in the building cost index figures of around 6 per cent. for labour and materials combined. But 10 per cent. is looked on as realistic since contractors' margins have already been squeezed to the bone.

*Secondly, the attitude of plan*ning authorities has changed drastically in dealing with industrial and even warehouse schemes. Ellis has an example of this in ESN's 15-acre site at Merton Industrial Park—a site bought from Town and City, which retains a slice, and which had previously passed through the hands of Barclay Securities and Vavasseur. Here, there is an agreement for a third of warehousing (from the total of 263,000 sq. ft.), a third factory space, and a third which must be offered as factory space for the first six months. After this period the council, which is doing all it can to help attract industrial tenants, will settle for warehousing use. Asking rents, *on completion of the first phase* in December, are £2.25 a sq. ft.

Ellis reckons to be project managing a total of 750,000 sq. ft at present (the big project for the Imps' fund is the total of 200,000 sq. ft. at York Town Industrial Estate, Camberley, let to Lentheric Morny at around £250,000) and to have a further 1.5m. sq. ft. of schemes in the pipeline.

Revival in Birmingham office demand

"We are not out of the wood, but we can start to see the daylight," said a leading Birmingham agent. To back his point, against the background of what was one of the country's most serious oversupplies of office space, is a surge of lettings over the last six months or so. Around 180,000 square feet of space has gone in Solihull, over 100,000 square feet in the city centre and 120,000 square feet in Edgbaston.

The figures for all space vacant, throughout a broadly defined Birmingham area, had risen through the millions to *unheard-of* totals. But these lettings are in the locations which matter. The trend appears to have changed and landlords' concession are being tightened.

Even with some notable landmarks still completely vacant—Interland's 190,000 square feet and the Commercial Union's 147,000 square feet are among them—it can be argued that, with no new starts being made, and none likely to be at present rentals, a shortage in some sizes of unit could develop in the best areas within the next year. Whether they are serious inquiries or not, there seem to be a couple of 100,000 square foot requirements being canvassed, more in the 50,000-60,000 square foot range, and *more again* at around 25,000 square feet.

It is apparently very hard to talk of an average take-up of office space in Birmingham. It is a city which has seen several booms in its property market since the war, several periods of dramatic oversupply followed by a gradual absorption of the spare space. Any total availability figures must also take into account a considerable amount of old and all but unlettable space, and some very poorly located new buildings. But over ten years between 400,000 sq. ft. and ½m. sq. ft. might be an average take-up figure. With around this level let in half a year, at the least this represents a real revival from a low base.

Latest significant letting to be announced is MEPC's 35,000 sq. ft. deal with TI (Export), the export marketing company of TI's Steel Tubes Division, in the Broadway development at Five-ways. TI (Export) has taken as a self-contained unit, one of the four interlinked blocks. It is a natural letting, with the Tube Investments headquarters just up the road. And although there were some landlord's concessions, the rent is said to be close to the asking figure of £2.95 a sq. ft.

In another of the Broadway blocks the West Midlands Engineering Employers Association has taken the top floor of 9,500 square feet. Tesco took the 30,000 square feet superstore and the six shop units are also let. So MEPC has done well out of the Birmingham revival, with around 90,000 square feet of Metropolitan House, also at Fiveways, let, representing two-thirds of the space in this block, and around 32,500 square feet let at Attwood House near the Rotunda, leaving only 1,500 square feet there. In Leicester, another disaster area showing signs of revived demand, MEPC is about 80 per cent. let in its 35,000 square fet block, but three-quarters left in its 4[illegible] square feet building.

Joint letting agents for Br[illegible]way are Haylock Inchley Edsall, Grimley and Son, Edward Erdman and Edwards Bigward and Be[illegible] acted for TI (Export) Cheshire Gibson for the [illegible]ployers Association.

The 328,000 sq. ft. of offices in Arundel Great Court, the stone-faced quadrangle overlooking the Thames in the centre of the picture, has been fully let. Last tenant signed up is the biggest single user, Philips Electronic and Associated Industries, with a lease on two separate blocks totalling 117,000 sq. ft. That Philips, having decided on 61,000 sq. ft., then opted to add a second building, provided a happy ending for Legal and General Assurance, which two years ago bought out all but a fraction of its partner Capital and Counties' interest for £8.2[illegible] Equally so for agents Matthews and Goo[illegible]man, which has been involved in the s[illegible] for 20 years, acting on behalf of the Du[illegible] of Norfolk's Trustees and as letting agen[illegible] for the developers. The rents on the offic[illegible] appear to have hardened a little since t[illegible] first letting to Chemical Bank approachi[illegible] two years ago. Total rent roll, and th[illegible] includes the 150-room Howard Hotel fro[illegible]ing the river, is around £3.5m. a ye[illegible] exclusive.

INDUSTRIAL AND BUSINESS PROPERTY

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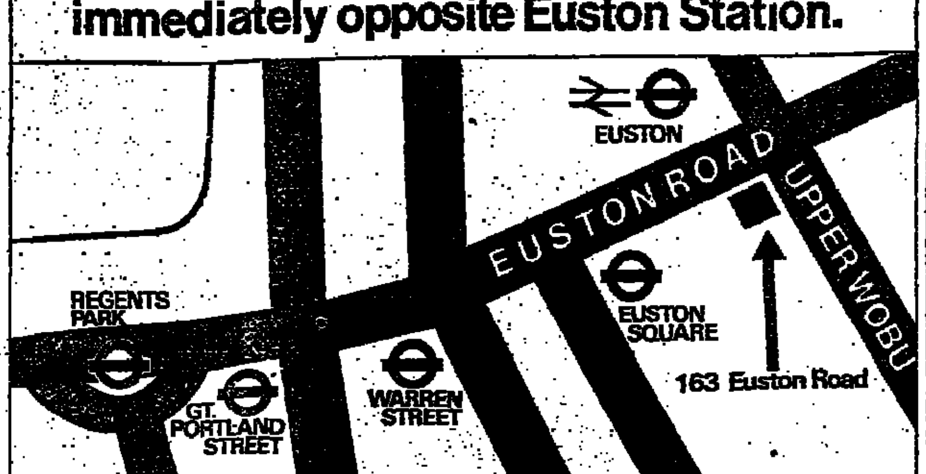

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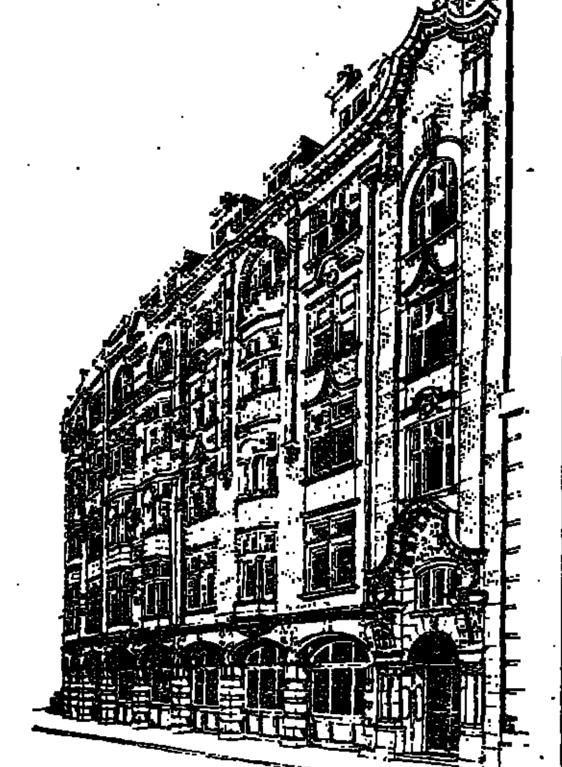

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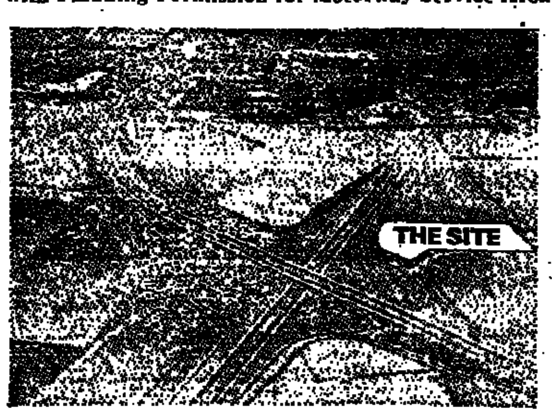

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Rhys David outlines how Albright and Wilson aims to assert itself as a major chemical producer

A bid to emerge from the shadow of ICI

A DETERMINED bid to demonstrate that Britain's chemical industry does not begin and end with ICI is currently being made by the second-ranked U.K. producer, the hithorto fairly retiring Albright and Wilson.

For although dwarfed by ICI, with its sales of more than £4bn. and profits of £540m., Albright has itself recently reported record profits of £31.6m. pre-tax on sales of £355m., an improvement on the £18.5m. in 1975 and a substantial recovery from the bare profits being scraped only a few years ago.

With a strong cash position behind it, and relatively low borrowings, *A and W will also* be moving soon into a period of sustained higher investment after several years of relatively low capital spending. Investment in 1975 totalled only £15m., falling to £14m. last year, but a number of new projects have already been announced, including a big expansion in the U.S. Altogether a total of £40m. is now about to be spent or available for investment.

The company has recently begun a major corporate advertising campaign with the slogan, A Force For British Industry, aimed at demonstrating its involvement in supplying other manufacturers with a variety of essential products from flameproof finishes for the textile industry to the fragrances sold by its BBA subsidiary to the soapmakers.

Mr. David Livingstone, the *managing director, plans to un*veil within the next few months a further reorganisation of the management structure, again intended to strengthen A and W's presence in world chemical markets, although a considerable debate is now going on at senior management level within the company over the proposals.

The company's decision to go for a somewhat higher profile after a period of relative obscurity can be seen as a *sign* of confidence that its long drawn-out difficulties at its Long Harbour plant in Newfoundland, *Canada—a key source of supply* for its most important raw material, phosphoric acid—are now finally behind it.

*Much has already been writ*ten about the "beast" and its problems, which for a long time defeated not only A and W but various other companies specialising in the highly-complicated technology of processing phosphate rock by electrolysis. The most important effect, however, was to bring Tenneco of the U.S. into A and W with a £17m. loan which was later converted into a 49.8 per cent. share stake. A and W was instructed, in ringing American terms, to shoot the dogs, feed the horses

Mr. David Livingstone, managing director of Albright & Wilson.

and ride the tigers, and the recovery that has since taken place reflects the efforts made to do just that.

The dogs which were shot included low margin fertiliser businesses in Canada; the company also pulled out of an unsuccessful partnership with Dow Corning in Midland Silicones; some other businesses such as its U.K. chrome operation which *A and W would like to have* kept, were also sold.

The Long Harbour plant, part dog and part tiger, was kept, however, in the belief that if it could come good it would give A and W a strong position internationally in the production of elemental phosphorus, a chemical used in a variety of applications, including detergents, but even more importantly as an intermediate for *the production of chemicals* used in food processing, pharmaceuticals, chemical processing and other high added value areas.

The decision to make Long Harbour the base for the conversion of phosphate rock into phosphoric acid by the energy-intensive thermal process and to close down production facilities in the U.K. had itself been the cause of a major Boardroom row in A and W in the 1960s, leading to the resignation of one of the then dominant figures in the company, Sir Frank Schon. The incentive, however, was the availability of power at 2.5 mills per KWH under a 25-year contract.

With this very powerful economic advantage at stake the company struggled through a total of 32 major modifications to the plant in a bid to overcome the principal problem — breakage of the carbon electrodes. At long last it has been able to report that in 1976 the number one furnace performed well. The company is now planning later this year to start up a second furnace, giving it a total capacity, including its older Varennes plant in Quebec, more than 80,000 tonnes a year.

The strategy being developed, according to Livingstone, is to concentrate on areas where the company is already a significant world-scale producer or has *special technology, and to* extend its interests into parts of the world where it has only limited markets at present — such as South East Asia. The Canadian operations place A and W in the front rank as a world supplier of phosphorous raw materials alongside such giants as Monsanto and Hoechst. From Canada the company supplies its own downstream plants in the U.K., and Australia, as well as outside purchasers round the world, including Japan.

A and W claims to be the world's biggest manufacturer of sodium chlorate, a bleaching chemical used in the wood pulp industry. Production is located in Canada, again in order to *take advantage of cheap power,* but the company is planning to make its biggest move into the U.S. market to date with a new 20,000 tonnes per year plant, expected to rise later to 50,000 tonnes, to be built in Louisiana. An extra 20,000 tonnes capacity is also to be installed at its Thunder Bay plant in Canada, bringing the company's total capacity to 175,000 tonnes.

Through another subsidiary, *Bush Boake Allen, the company* is also ranked among the top five world producers of flavours and fragrances, used to give taste to foodstuffs and aromas to soaps, household cleaners, perfumes and a variety of other consumer products. Here again growth is likely to come from penetration of the U.S., itself a large market as well as the base for the most important international food*stuffs and domestic products* groups.

It is in the phosphates area that the strategy of developing existing strengths is most likely to run into problems. For although the company has battled through to a strong position in thermal phosphorus at Long Harbour and holds a technical lead over competitors in production of phosphoric acid by a new wet process there are some uncertainties over the phosphorus chemicals supply-demand balance during the next five-10 years.

In the U.S. and in Germany the big soap companies have substantially reduced the amount of sodium tripolyphosphate—a phosphorous derivative—used in detergents in response to environmental pressures. Phosphates have been blamed for eutrophication on rivers, that is excessive algal growth, though the manufacturers point out that there is evidence that *discharge of sewerage can be* held equally responsible.

Pollution

Various alternative detergent builders are being incorporated into products in the U.S. and similar developments are likely to take place in Germany and Benelux, though not in the U.K. where pollution is less of a problem. Procter and Gamble, the largest U.S. detergents manufacturer, *has reduced the* phosphate content of one of its leading brands to only 12 per cent. compared with 50 per cent. in the 1960s, using instead naturally occurring minerals known as zeolites. A and W is only a limited supplier to the U.S. detergents market but there are some fears that other suppliers will be tempted to divert their production into the high added-value phosphorus *chemicals market areas where* A and W is strong.

The threat is acknowledged by A and W but the company believes it can weather it, relying in part on its cheaper production facilities and on its downstream integration. "It is much more likely that any reduction in demand will lead to the closure of older production facilities than will put direct pressure on us," accord*ing to Livingstone, who points* out that no new phosphorus plants have been built since A and W's own Long Harbour project.

A and W also sees a continuing growth in phosphate-based detergents around the world, particularly in developing countries where efforts are being made to divert oils and fats into food rather than into soap production. For this reason, *coupled with the growth in the* U.K. market, it fully expects to continue to find outlets for its wet-based U.K. phosphoric acid production and for its U.K. sodium tripolyphosphate output, recently expanded by 50 per cent.

In the shorter term the company is likely to be more preoccupied with moves to intro*duce a new management struc*ture as the second stage of a rationalisation scheme begun two years ago when three divisions—detergents and chemicals, covering the most important U.K. activities; ERCO covering the Canadian phosphate and sodium chlorate operations; and BBA covering flavours, fragrances and fine chemicals—were set up.

The proposals are to remove *the divisional layer of manage*ment between head office in London and the 11 business sectors covered by the divisions. Head office would assume increased responsibility in some areas such as the formulation of overall policy, personnel, and purchasing, but the business *sectors would be given greater* responsibility over their own operations, including production and marketing.

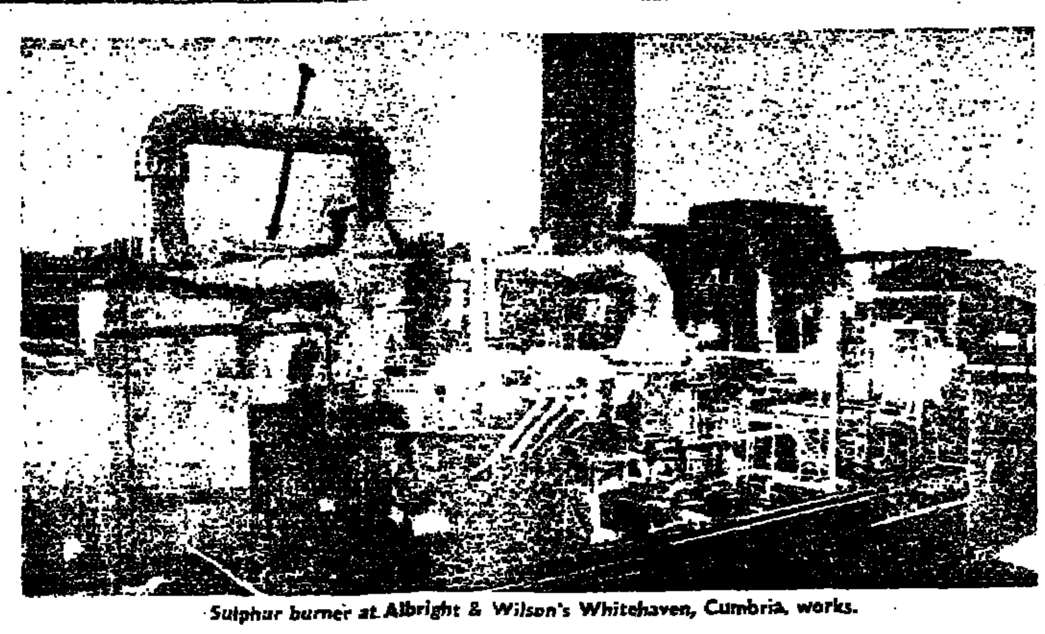
The difficulty is that the plan would mean breaking up the successful detergents and chemicals division which through its strong position as a supplier of detergent and speciality chemicals in the U.K. and overseas has kept A and W afloat during its troubled period. The division, which is run from Whitehaven in Cumbria, was created by a merger two years ago of the *Marchon division at Whitehaven* and the detergent division in Oldbury, Birmingham, and comprises six sectors—phosphates, detergents, organics, agricultural, specialities and Australian.

Though senior executives are reluctant to talk about the proposals which have yet to be discussed with staff, the aim is to create a more unified company which can be projected as an entity internationally. At the same time it is hoped that *by giving the individual busi*ness sectors greater independence, the efficiency of their operations will be increased.

The other uncertainty which inevitably hangs over the company is the long-term attitude of Tenneco. Though it has *representatives on the* A. and W. Board, Tenneco has been largely happy to allow the company's *management* to sort out its problems without interference—a policy which results would seem to have justified. But although the partnership would seem to have worked, precedents suggest that Tenneco will eventually be a buyer or seller.

Chemicals represent less than 10 per cent. of Tenneco's turnover. The rest comes from oil and gas, shipbuilding, and a variety of other conglomerate activities, *including* David Brown tractors and motor components. Much will obviously depend on whether Tenneco, which has its own problems of corporate strategy to sort out, sees chemicals as an area in which it would like to grow.

For the immediate future A and W's main concern is likely to be to ensure that the right decisions are made both in relations to the development *of its overall strategy and the* management structure to carry it out. Set against the task of making its Newfoundland investment work, and of recovering economic strength, these are problems the company is fairly confident it can overcome.



Sulphur burner at Albright & Wilson's Whitehaven, Cumbria, works.

BOOK REVIEW

A ship market's stormy passage

BY ROY ROGERS

The Baltic Exchange. The History of a Unique Market. By Hugh Barty-King. Hutchinson Benham. £7.50. 431 pages

FROM ITS humble origins on the streets of the City of London over 300 years ago, the Baltic Exchange has evolved to command an exalted position at the centre of world shipping and commodity markets. But, as Hugh Barty-King clearly illustrates, the Baltic has often endured a stormy progress in its long history from the early 15th century when shipmasters and merchants used to congregate in Lombard Street to deal in tallow timber and other commodities from the Baltic sea ports.

London continued its street *trading far longer than other* capital cities and it was 1566 before Queen Elizabeth I laid the foundation stone of the first Royal Exchange modelled on the lines of the European bourses.

But much of the trading continued to take place in the surrounding taverns — the Exchange "had no urinals nor bars" — and in coffeehouses which sprang up in 1652.

Those coffeehouses and taverns which escaped the Great Fire of 1666—which claimed the Royal Exchange—*assumed even greater impor*tance as trading centres with individual taverns concentrating on certain trades.

*Those trades specifically con*cerned with the tallow and hemp trade with the Baltic sea ports gravitated to what *eventually* became known as the Baltic Coffee House. In 1823 they went on to regularise membership on a subscription basis to keep out speculators.

Thus, the "subscription room," which was really the beginning of to-day's Baltic Exchange, came into being. But there was much argument within the membership of the Baltic Coffee House and growing competition from similar bodies eager to be the hub of London's shipping and trading operations.

In 1870 Lloyd's, that other great City institution which also stemmed from a coffee shop, offered to share its telegraphic information with the Baltic but this was "respectfully declined" on the grounds of cost—£500 a year.

Yet, six months later, many Baltic members including the Ralli Brothers, the Glover Brothers and the Barings, were clamouring for information facilities equal to those at *Lloyd's. This was the fast grow*ing era of the private enterprise telegraph companies and the Baltic soon realised that it could not do without such facilities.

While a large section of Baltic members agitated for more space, even after the Baltic Company acquired the South Sea House, and complained of increasing costs, the Baltic was challenged by the *Jerusalem Subscription Room* and Exchange (born in the Jerusalem Coffee House) and the London Shipping Exchange.

These two rivals to the Baltic, both housed in Billeter Street, merged around the turn of the century, and then they, and the Baltic, amalgamated to form the Baltic Mercantile and Shipping Exchange which was incorporated on January 17, 1900.

Three years later the present Exchange was built in St. Mary Axe at a cost of half a million pounds.

One of the many interesting *sagas in this intriguing history* tells of how Britain wrested the bulk of its import trade away from the Dutch in the 1650s by *insisting that a wide range of* imports be carried in English ships, with English masters and three-quarters of their crew English, or in ships from the producing country.

Ironically this early cargo preference scheme, which led to war with the Dutch, is not unlike the moves the U.S. is contemplating at the moment. Needless to say it is the British who are leading the fight against cargo preference and *stressing* that free trade must be maintained.

Business books

Capital Budgeting Techniques, by F. M. Wilkes. John Wiley and Sons, £13.00. This aims to explain, develop and extend *the techniques of invest*ment appraisal and capital budgeting.

Human Energy, by John D. Ingalls. Addison-Wesley Publishing, £11.90. This book is designed for all people whose work involves individual or organisation development.

Industrial Tribunals' Procedure, by Michael J. Goodman. Oyez Publishing, £3.75. This is a *guide for all those who appear* before the industrial tribunals and the Employment Appeal Tribunal.

Dictionary of Management, by Derek French and Heather Saward. Pan Reference Books, £1.50. A reference work providing definitions for nearly 4,000 terms, abbreviations and techniques current in general and functional management and in such areas as government, law and economics that affect the manager's work.

Modern Decision Analysis, by Gordon M. Kaufman and Howard Thomas. Penguin Books, £2.25. This aims to represent a considered attempt to reflect the current "state of the art" in the extensive applications of decision analysis.

Culture and *Management,* by Theodore D. Weinshall. Penguin Books, £1.75. This book contains a selection of the *work on the relationship be*tween culture and management.

Business History, by K. A. Tucker. Frank Cass and Co., £12. This selection of readings demonstrates the use of both descriptive analysis and quantitative methods in the study of business records.

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FRIDAY, APRIL 22, 1977

Conservation the aim

THE U.S. is not only an extremely large but a wasteful consumer of energy. Ever since its demand for oil began to exceed what it could supply from domestic resources, the balance of world trade in oil products has been badly disturbed and the prospect of a world shortage of oil within a relatively small number of years has become more serious. Precisely how serious is a matter of dispute — President Carter himself does not seem to have perfect faith in oil company estimates — but he is evidently convinced that the U.S. could find itself in a dangerous position within a decade if firm action is not taken. That conviction is based not only on supply considerations but on the allied considerations of price, balance of payments cost and security risk.

This is not the first time there has been an oil scare in the U.S.: President Nixon mounted a Project Independence. There *seem to be three distinctive* features of the new Carter campaign. The first is the emphasis which it is placing on the conservation of oil rather than the discovery of new resources. The second is its heavy reliance on the price mechanism to bring about changes of the kind sought. The third is the very vigour with which the President has mounted the campaign and the breadth of the field over which he proposes to fight it.

Divestiture

With oil and gas accounting for 75 per cent. of current U.S. energy consumption but only 7 per cent. of its known energy reserves, a major change of consumption patterns is evidently called for. Conservation, in President Carter's words, is "the quickest, cheapest, most practical source of energy" — hence the proposals to bring U.S. oil prices up to the world level through taxation; to tax more heavily cars which are heavy consumers of petrol and subsidise those which are light consumers; and to impose a special tax on petrol which would rise year by year to the extent that consumption failed to fall by an agreed amount.

But financial sticks and carrots are simultaneously proposed to discover new sources of oil; to bring about a major switch to coal, of which the U.S. has abundant supplies; to develop present methods of nuclear power generation on a larger scale; and to subsidise things like house insulation and solar heating devices.

One reason for the relief of the oil companies is that the President seems to have set his face, for the time being at least, against the idea of forcing them to divest themselves of their investments in other forms of energy. That is not to say that he does not intend to supervise their operations and their profitability closely. But he appears to have put his emphasis on conservation, and to have ignored connected issues like divestiture and changes in the environment regulations (which would have encouraged the development of strip-mining of coal), for the sake of presenting Congress with as clear-cut an issue as possible.

Haggling

For these are, it must be remembered, only proposals. They will be widely unpopular and will be fought hard in Congress for that reason, let alone by the various business interests apt to be upset by them. It is too early to say how far President Carter will be successful, but there will undoubtedly be a lot of haggling and compromise on the most optimistic assumptions, and the date for the various targets which the President hopes to hit is 1985. For all that, the rest of the world has good reason for being grateful to him. The more his programme is accepted and potential U.S. demand for imported oil brought down, the less daunting will be the prospect — for both supplies and price — facing other countries. As Mr. Roy Jenkins has already pointed out, Europe is worse placed than the U.S. The resumption of enriched uranium supplies may lead the way to an agreed solution of the nuclear reaction question, while the U.S. example may now lead the European Community to work out an energy programme of its own.

A Minister's power to intervene

DOES THE Secretary of State for Energy have the legal power to compel the chairman of the Central Electricity Generating Board to order a power station which he does not want? Surprising as it may seem, the answer to this question is not entirely clear. The Electricity Act of 1957, like most of the other nationalisation statutes, enables the Minister to give "directions of a general character" on matters which appear to him to be "requisite in the national interest." This power, which has been very rarely used, would appear to exclude something as specific as the present case, where Mr. Anthony Wedgwood Benn, the Secretary for Energy, wants the CEGB to place an order for the Drax "B" power station in order to preserve jobs in the plant supplying industry. It is conceivable, however, that a general direction could be drafted which would have the desired effect from Mr. Wedgwood Benn's point of view.

Compensation

In this case Mr. Wedgwood Benn is not invoking his powers under the Act, but is suggesting informally to the CEGB that it should order Drax "B," arguing that it is in the Board's own interests that a healthy plant supplying industry should be sustained in this country. The Board's response is that the Minister is asking it to do something which conflicts with its statutory responsibility to "maintain an efficient, co-ordinated and economical system of supply of electricity." If the Secretary of State wants Drax "B" ordered for wider national interest reasons which are not the direct concern of the CEGB, then the Government must foot the bill, paying compensation to the CEGB for the "social" costs involved.

This dispute is yet another example of the unsatisfactory state of relations between Ministers and the heads of nationalised industries. The Acts setting up the public corporations provide for an arm's length relationship, setting out the respective powers and duties of both sides. It was recognised that Ministers would need to intervene on national interest grounds; hence the power to give general directions. But Ministers have consistently shied away from using this power, apparently because it would seem to imply a public row; they have preferred to work informally and behind the scenes.

It is highly questionable whether this is the right approach. The Select Committee on Nationalised Industries suggested in 1968 that Ministers should make more use of general directions, because it would ensure that the operation of Ministerial control was made public and open to Parliamentary scrutiny; some civil servants shared this view, arguing that if an industry was being asked to act uneconomically, a general direction ought to be made. The Select Committee thought that the power of the Minister should even be extended to particular as well as general directions.

Separation

Last year's NEDO study of the nationalised industries concluded that the arm's length relationship had not worked and it was better to accept, and make provision for, the involvement of Ministers and civil servants in strategic policy decisions. But the duties of Ministers and corporation managers are different and there are great dangers in confusing them. A better approach might be to look again at the principles contained in the original Acts and to define the separation of powers more precisely. The Board of a public corporation must make its own judgment of where its commercial obligations lie; if the Minister wishes to override them, he must do so openly.

Malcolm Rutherford on a lack of unified approach within NATO

NATO's serious disarray

NATO is in serious disarray. That statement has nothing whatsoever to do with the stories of the forces of the Warsaw Pact being capable of reaching the Channel within 48 hours, or of a Soviet strategic superiority already achieved. On the contrary, the military posture of the Alliance is at present perfectly adequate.

Nevertheless, the opening statement still means what it says: the *organisation* of the North Atlantic Treaty leaves a great deal to be desired, and the problem is getting worse to the point where the future security of the Alliance could be endangered. This is not to *say that there are no good* people on the international staff, for there are. Admiral of the Fleet Sir Peter Hill-Norton, who has just retired as the Chairman of the Military Committee—the Alliance's highest military authority, would have been at home at the top of any large corporation. But the prob*lem is that there is a limit to what Sir Peter* and his like can achieve as a management agency without the backing of national governments. This backing is not there.

The point may be illustrated in several ways. Take, first, the latest British loan from the International Monetary Fund. Although the loan was made through the IMF, two of the principal subscribers were the U.S. and West Germany—Britain's two chief military allies. Neither of those countries wanted to see further cuts in Britain's defence expenditure. Indeed they already regarded the previous cuts as risky enough. Yet at no stage was any connection made between lending Britain the money and seeing that its defence contribution was kept in order. Or rather an attempt was made at the last minute when the possibility of further cuts was pointed out to Dr. Kissinger, the then U.S. Secretary of State. Dr. Kissinger sought to intervene in Washington, but it was too late. The U.S. Treasury had approved the U.S. subscription without giving a thought to the possible consequences for defence. One major arm of the U.S. Administration was simply not aware of the concerns of another. NATO itself was not consulted.

The point may be made again through the story of AWACS, better known in Britain perhaps as the story of Nimrod. The first time that the case for an airborne early warning system (AEW) was put in a NATO paper was as long ago as 1958, which means that it must have been first discussed informally a year or two earlier. This is a project which, if it ever takes effect on an *Alliance basis, will not become* operational until the early 1980s.

About four years ago, the discussions became relatively serious, though hardly anyone but a specialist could have known about. Two years ago, the project had been more or less defined and was at the centre of the internal NATO debate. It was to be based on the Boeing E 3-A and known as AWACS for airborne warning and control system. Moreover, it was to be the biggest project ever undertaken by the Alliance as a whole. At a cost of $2.5bn. it exceeded the annual defence budgets of some of the smaller NATO members.

Looking back at what now may very well be a dead duck, two points stand out. The first is that AWACS was a perfect example of how not to manage a major project, and the second is that, in spite of that, it very nearly came off.

The principal failing was in the financing and the lack of co-ordination between national governments. When it came to a decision, it was found that West German defence expenditure was committed for the next four years to other projects. There was simply no provision for AWACS, in spite of the fact that the subject of airborne early warning had been on the NATO agenda for more than a decade and a decision had been known to be imminent for the last two years, and without German participation AWACS had little chance of success.

Even then the project might have succeeded, had it not been for the special problem of the British. The British Govern*ment had an alternative national* early warning system based on the Nimrod, which it wanted to slide out of in favour of the NATO solution. It had no wish, however, to abandon Nimrod before AWACS was secure. Successive British Defence Secretaries thus warned the Alliance that the AWACS decision would have to be taken urgently.

The NATO Defence Ministers normally meet twice a year—in May or June and December. Largely at the British insistence, the communiqué of the December 1975 meeting said that the AWACS proposal would be considered at the next June *meeting "with a view to making* a decision." The June meeting ended with another communiqué that was, if anything, slightly weaker. It noted that the Alliance's military authorities regarded the acquisition of an airborne early warning system as an "urgent requirement," but called only for the formulation of a "comprehensive proposal" to be presented at the meeting due in December. The December communiqué reaffirmed the importance attached to the system and said that Ministers "agreed to the need for an urgent decision on its realisation." It added that there would be shortly a special meeting at which decisions would be taken. Little doubt was left that this meant by the end of January.

The special meeting finally took place on March 25 this year. It went further than ever before in affirming that "AWACS will be established," and it seems clear that the Germans were exploring ways of finding the money. *But the Ministers* still postponed the final decision on the details until later in the year. That was too much for the British Government. Shortly afterwards, Mr. Fred Mulley, the Defence Secretary, announced that Britain was going ahead with the Nimrod programme, albeit, he hoped, in a way that would make it compatible with a NATO system.

Yet even if the AWACS decision had come off, as it so nearly did, it would have still been the wrong way to go about it, and so much is now widely admitted within NATO headquarters. The project was presented on a low key, technical level. It involved a vast sum of money, but nobody tried to sell it or explain to a wider public what it could actually do. Very little attempt was made to outline the possible worksharing benefits to European industry.

When the British Nimrod lobby developed, there was no one to counter it, partly because very few people knew much about the subject, and partly because NATO has no constituency. Above all, however, there was the organisational failure of trying to push through a project without having secured the financial backing. NATO officials were powerless before national governments which had ostensibly back the project, but had made no provision for it.

If that analysis seems to blame the West Germans unduly, it should be added that it was the British who pulled out when success was arguably in sight. In the end, the British Government chose to protect a few thousand jobs rather than go for an Alliance solution which it had clearly regarded as militarily preferable.

Yet if AWACS is the most spectacular example of the organisational failure of the Alliance to date, it is by no means the only one. There is, for instance, the case of the future main battle tank, which was to have been decided by a competition between West Germany and the U.S. It is impossible to convince any West German that that competition was fair, and the Germans may well be right that the competition was rigged in the U.S. favour. But the point is that there is no one in national governments looking at (say) the future tank question from the NATO point of view. The American military have a say in what kind of tank they want, so do American Congressmen in whose area the tank might be built. *It might be the same* in other countries. But there is no-one with any authority to say what kind of tank would be best for NATO and to see that national programmes take NATO requirements into account. Nor is there anyone to ensure that there is any link between forward planning in the Alliance and the forward planning of national defence budget.

The problem will get worse as defence programmes become yet more expensive. In his farewell address to the NATO Council, Sir Peter Hill-Norton spoke of a number of requirements over the next decade or so, the cost of which will dwarf the $2.5bn. sum estimated for AWACS. The cost of the air defence requirement alone is put at ten times that figure. Yet NATO in its present state is quite incapable of dealing with such sums. Even if it had the management experience — and there is talk of bringing in outsiders from industry — it would not be allowed the proper authority by national governments.

The explanation is very simple: while national governments are all in favour of standardisation of equipment and Alliance solutions in principle, in practice they do not want to sacrifice any part of their own industry. That, after all, was what the Nimrod lobby was all about, and in the end it won. The national system is preferred in spite of the improbability that it will sell abroad, and therefore pay its way.

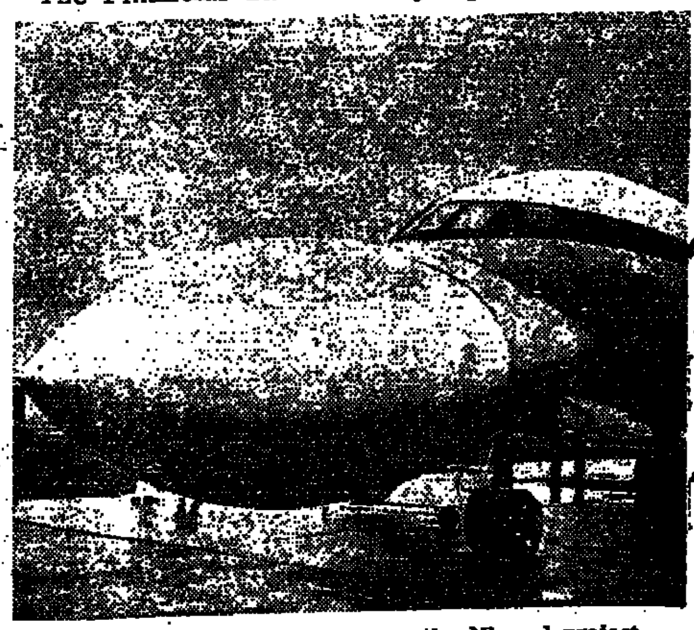
It is thus not surprising that NATO, after the AWACS debacle, is not the happiest of places. There is a determination to try again and even AWAC —or rather NIMWACS—has n been officially given up for dea but there is depression abo the Alliance's ability to do s The Permanent Representative who are diplomats, a embarrassed, said one milita man, to talk about defence b cause they know it mea money. Instead they disappe into the clouds and talk abo the birth rate in China, a indeed it is true that the Pe manent Council met 51 tim last year, but the Defence Cou cil met only 20 times.

There is perhaps one instit tional way out. For more th a year now the European me bers of the Alliance, includi France, have been meeting o side NATO as the independe European Programme Grou (Even the title is not certa because the French insist th the word "independent" has capital i.) The purpose is draw up a list of the milita requirements of the memb countries over the next 10 years, and then to see how th can best work together on pr curement. At some stage approach should be made to t U.S. under which the Europea would say what they would li to build for the Americans, a what they would like to bu There would then be, in theo at least, the beginnings of more equitable trade in ar traffic across the Atlantic. T present ratio is about ten to o in the Americans' favour.

Remarkable change

The EPG was initially n much liked by NATO as suc After AWACS, however, the has been a remarkable chang The EPG is now seen even b some NATO officials who m opposed it as perhaps the on body in which the Europea are capable of settling the own rivalries over defence p grammes and then bargainin with the U.S. on anything lik equal terms.

That may be the optimis view. If it is, it is difficult t see any other way of the q rels about who builds being resolved. In the long r given the rising cost of def equipment and the way th Warsaw Pact continues to o spend the Alliance, that me that the security of the Allian will suffer. NATO may be reasonable shape today, but less the member governme can begin to work more clo together, the outlook is bl



The development radar pod for the Nimrod project.

Admiral of the Fleet Sir Peter Hill-Norton (left) with new Military Committee chairman General Herman Fredrik Zeiner Gundersen (right) at a NATO ceremony.

MEN AND MATTERS

Honest Francis quits

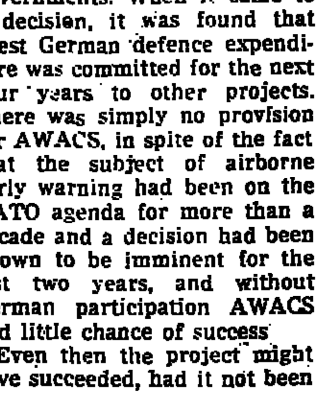
Business life in Hong Kong is maintaining its penchant for the colourful. Spurred by declining business, the colony's stock exchanges are talking about merger — but a row has broken *out which has led to the resigna*tion of Francis Zimmern as chairman of the Hong Kong Stock Exchange, the original and most European-oriented of the four in operation.

"Honest Zimmern," as he is widely known, is a strong, unbending personality of 61 who had been involved with merger talks between his exchange and the Far East Exchange, whose 340 brokers handle about 45 per cent. of total HK turnover in securities.

Zimmern stalked angrily out of a members' meeting called to discuss the Far East merger because members advocated accepting an invitation to dis*cuss joining up with the second* busiest exchange, the Kam Ngan. Zimmern pointed out that a condition of the HK/Far East talks was that there should be no involvement with the Kam Ngan. "You can't be married to two brides at the same time," he says, adding he will "not associate myself with such irresponsibility."

The Government has been standing on the sidelines in the past month as the colony's four exchanges have manoeuvred over possible merger permutations, but this latest twist has brought it close to intervention. Financial Secretary Philip Haddon-Cave, winding up this week's budget debate in the legislative council, said the Government viewed the present situation "with misgivings and apprehension."

All four exchanges—the smallest is the Kowloon exchange which accounts for only about 5 per cent. of turnover—opposed the proposal last year by securities commissioner James Selwyn that they should merge into a single body, which would be a major move in the development of the local securities market, providing opportunities for volume business, automated operation and, importantly, higher standards of conduct.



"Apparently it's a lot easier to make history than to unmake it."

Apart from the question mark hanging over the merger proposals, there are continuing recriminations over Zimmern's resignation ("we don't play politics," says a member of the Zimmern family, "that's why we backed out of the warfare") because constitutionally the chairman can only be expelled. His supporters are organising a petition to question the acceptance of his resignation by *the committee. He has made it* clear however that he will not work with the present committee.

The Zimmerns are a prominent local family, meshed in with the Hong Kong Establishment; brother Archibald was recently made a High Court Judge. Francis Zimmern was in his sixth consecutive year as Chairman, having joined the exchange after World War II. He negotiated recognition by the International Federation of Exchanges, got corporate membership legalised, has been responsible for a number of exchange bylaws, and invited overseas brokers to the colony.

City pomp

"Guildhall Yard, frequently the scene of splendour, pomp and ceremony will be transformed for one July week into a village square, when side shows, stalls and popular events will be staged during lunchtimes for thousands of City office workers." That, you lucky people, is just one of the delights dreamed up by the City Fathers for Jubilee year.

But the main highlight will be the Queen's visit on June 7. A City deputation, in four horse driven carriages will drive from Mansion House to Child's Bank in Fleet Street.

Once there, they will hang around until the arrival of The Queen and the Duke of Edinburgh who will arrive in the Coronation Coach just after 11 o'clock.

In the days before Temple Bar was removed to the wilds of Hertfordshire it was customary for the Lord Mayor and assorted City dignitaries to await the monarch at the Bar where Child's originally had an office. Child's gave hospitality during their wait, and the tradition has survived the removal of the Bar itself.

Once the Queen *arrives the* Lord Mayor will offer the City Sword, hilt first naturally, which will, if all goes well, be merely touched and returned to symbolise the overlordship of the sovereign.

Anything which brings a touch of colour and entertainment to what is arguably one of the most insensitively rebuilt square miles of an ancient city centre in Europe, can only be welcomed. So what else has the City of London Silver Jubilee co-ordinating committee dreamed up?

For a start lots of musick, like the five jubilee festival concerts at St. Bartholomew the Great and the open air concert in Paternoster Square on June 9. This is timed to end in time for participants to get down to the riverside to watch the passage of the Greenwich to Vauxhall Bridge river pageant and a firework display on the South Bank and at Greenwich.

Then there's a lot of other fluvial activity like the Doggetts Coat and Badge boat race, from London Bridge to Putney put on by the apprentice watermen and various yachting events. A certain amount of flag raising, drum beating and mustering of pikemen and musketeers is also on the agenda together with sporting events like the Great Tea Ladies race around the Guildhall yard and a 1½-mile City road race sponsored by "the French speaking banks," while the Swiss Banks, not to be outdone, will be flag waving.

One event not to be missed, however, is the City and Crown Exhibition of the City treasures in the Guildhall which also includes historic documents like a letter written in 1664 asking the Lord Mayor to arrange for offal to be delivered to Bankside for feeding the King's bears.

Think, think

Thanks to all those who pointed out yesterday's FT headline which declared "Constriction industry expects output drop." Tomorrow we'll run the bad news.

Observer

FINANCIAL TIMES SURVEY
Friday April 22 1977

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Grocery Distribution

After three years of their own brand of recession, there are signs of an improving outlook for grocery retailers—but it is contingent on several factors, most of them involving a general improvement in the economy.

Little margin for error

By Elinor Goodman
Consumer Affairs Correspondent

THIS YEAR could be the best year for grocery retailing since 1974. Such optimism, however, must be conditional on three factors, not all of which are by any means certain: (1) that sales recover from the very low level of the first two months of this year to nearer last years level; (2) that the Government does not intervene to prevent a recovery: and (3) that some new wages policy is negotiated.

After three years in which the industry has been operating on severely reduced margins, the grocery trade tends to see the black side of things, but the mood of retailers at Monday's Institute of Grocery Distribution conference will probably be one of guarded optimism. Margins in both food manufacturing and food distribution improved last year, and for retailers at least, there could be a further improvement this year. Even so, as speakers at the conference will no doubt point out, it is very unlikely that many companies will be trading at the kind of net margins which were common before 1973. Moreover, any recovery there may be is partly a reflection of the unprecedented number of shop closures which have taken place over the last two years, closures which have reduced some groups to shadows of what they once were.

Such optimism as retailers will admit to is based almost solely on the assumption that the rate of inflation on food this year will continue to rise faster than on other items, and that, as a result, grocers' cash sales will go up faster than their costs. This will be the first time that the costs/sales ratio will have been working in the industry's favour since the Spring of 1974 when the Government's enforced 10 per cent. reduction in distributors' gross margin ceilings coincided with the take-off in their costs.

In the second half of 1974 and the whole of 1975, the impact of the Government's wages policy on the industry's traditional low pay structure, together with the rise in other costs, meant costs ran ahead of sales. The same was true at the beginning of last year. But then in the second half, the two came closer together.

Average

The wages agreement negotiated between the Government and the TUC last summer and generally paid by the food trade last November was, though large by retail standards, lower in percentage terms than the 1975 agreement. As a result, the industry's wage costs rose last year by an average of around 18 per cent. as against nearly 25 per cent. in 1975, while the increase in other costs slowed down from around 27 per cent. to nearer 15 per cent. Cash sales rose by around 17 per cent. in 1976.

Volume through food shops, which has never shown the kind of increase seen in other sectors of the retail trade, fell again slightly in 1976 to just under 1 per cent. less than in 1971. But some retailers managed to increase their gross margins and the result of this, together with the slowdown in the rate of cost inflation and the benefits of an unprecedented number of shop closures, meant that net margins improved from their low level of the year before.

According to figures from the IGD, which are based on a model of leading food retailers and which will be presented in more detail on Monday, net margins in 1976/77 rose to 2.1 per cent. This compares with a low of 1.7 per cent. in 1975/76 but this is still a long way off the 3.5 per cent. which the IGD estimated the same companies made in the two years to April 1974. The IGD's figures for manufacturers, who make up 60 per cent. of its membership, show a smaller increase in their net margins, but the manufacturers' margins started improving ahead of those of their retail customers.

This year could see a further improvement in distributors' net margins subject to the provisos already mentioned. Food price inflation seems likely to lead inflation at least in the first half of the year and the current wages policy represents another reduction in the rate of wage cost inflation.

As most food retailers pay their wage increases in November, this picture should be maintained at least until the autumn. After that, of course, everything hinges on the outcome of the Government's negotiations with the TUC, but given the fact that the retail unions—where they exist—are still relatively weak and that any new, more flexible wages agreement will probably be based on a percentage rise rather than a flat rate increase, the retail employers may have less to fear than those industries which employ highly paid skilled workers, backed by powerful unions.

But if it is good news on the one hand for retailers that wages are going up less fast than prices, it is bad news on the other: margins, after all, are only half the story. Volume is hardly likely to show any sustained increase as consumer expenditure comes under more pressure and housewives are forced to trade down. The food sales for the first two months of this year were extremely disappointing and those supermarkets which have diversified into the more profitable general merchandise areas found non-food sales equally slow.

Some retailers say that housewives must have been living off their larder stocks at the beginning of this year and these cupboards will have to be replenished sooner or later. But at best, sales are not likely to be any better than last year. This means the retailers will once again be fighting among themselves for a larger share of a static market. Already, there are signs that the upward trend in gross margins last year is being reversed. Whereas, in 1976, other supermarkets followed Sainsbury's lead and raised their gross margins, now they suspect Sainsburys of leading in the other direction.

Base

In some parts of the country, it is not Sainsbury which gives a lead but the activities of aggressive discount chains like Kwik Save and Asda. Gross margins in the North of England are already significantly lower than those in the South and supermarket chains with a strong base in the south of the country must be apprehensive about the way both Asda and Kwik Save are paving a path to London and the South by way of the West Country.

In this situation, the statutory control on gross margins is not likely to pose a problem for many companies in the immediate future. A very few may come up against their net reference levels but in general the continuation of margin control has been more of an insult to the trade than an injury.

Retailers have a case for saying that they have been inequitably treated under the new price controls. Not only will they continue to be controlled by the existing profit margin ceilings, but they will also be subject to the new system of Price Commission investigations. Both food manufacturers and food retailers fear that they will be top of the Price Commission's inquiry list.

They suspect that however much the Prices Secretary, Mr. Roy Hattersley, may protest to the contrary, political pressures will persuade him of the need to be seen to do something about food prices, and that this could have a disastrous effect on any sector of the trade singled out for treatment. While Mr. Hattersley's advisers do seem to believe that the food retailing is already highly competitive, the new powers certainly have the potential to make life very difficult for any retailer caught in their net. As the Retail Consortium has repeatedly pointed out, planning—and investing—for the future will be made even more hazardous when a company does not know the rules it is supposed to be obeying.

The other main area of contention between Government and the food retailing industry this year has been the question of the future development of large stores. Last July the hopes of those groups which want to develop superstores and hypermarkets, like Carrefour, Tesco and the Co-op, were raised by the Department of Environment's publication of a draft of a revised planning note. If it became policy, the new note would remove the obligation on local authorities to notify the Department of all proposed shopping developments of over 50,000 square feet gross selling area. Instead the Department would only have to be informed of developments of over 100,000 square feet. Perhaps more importantly, the note would also make it clear that central Government believed that large stores were to be welcomed in certain circumstances.

Unlikely

It now seems unlikely that the note will emerge from the Department of Environment in its revised form before the summer. Meanwhile the attitude of local authorities towards such developments seems to have shown no real change despite recent research which has backed up the retailers' arguments that superstores, built outside existing shopping areas, do not kill off small local traders. Tesco and the Co-op have both had a number of applications turned down while the Association of Metropolitan Authorities has reiterated its strong opposition to out-of-town shopping developments. This, together with the Government's increased emphasis on urban renewal, has made some retailers wonder whether the more positive approach towards superstores outlined in the draft note will ever become formal policy.

But despite the continued opposition of local authorities to the very large stores and the drop in the number of new shops opened, the trend towards larger supermarkets has continued. The average size of all the supermarkets opened in 1975-76 was 14,472 square feet compared with an average of 1,256 square feet for the stores closed.

The rate of stores closures in 1975-76 was the highest ever and as shops closed so staff were made redundant. During the year, the number of multiple shops fell by 13 per cent. with 1,027 shops closed and only 123 opened: The bulk of the closures occurred in self-serve stores of under 2,000 square feet but the number of larger shops closed also showed a big increase.

Large stores, with easy access for both deliveries and customers and space enough to sell a good range of the more profitable general merchandise lines, may be the ideal of most supermarket operators. But the reality in many cases is the High Street shop with no room for physical expansion and high operating costs. For this reason it may be academic for the moment to talk about trade polarising between neighbourhood convenience stores and superstores as most of the big groups are too firmly entrenched in the High Street to be able to move out overnight if they wanted—and many insist that they can still trade profitability in many High Street locations. But in the longer term the economics of distribution may lead towards this polarisation.

The immediate problem is what to do with those existing shops which are no longer making money as traditional supermarkets. In the past 18 months virtually all the big groups have been experimenting with ways of dealing with this situation—usually by testing some kind of discount operation.

Some of these efforts have paid off in terms of market share. According to the latest figures from A. C. Nielsen, the multiple supermarkets again increased their share of the total grocery market now estimated at £9.653bn. The multiples' share rose from 48.9 per cent. to 49.4 per cent. but it was the Co-op which showed the biggest volume increase with its share moving up from 13.7 per cent. to 14 per cent. The share taken by the voluntary groups, which in the longer term claim to be confident that they will pick up more business as the supermarkets are forced out of the High Street, remained static at around 12 per cent, while the share taken by unaffiliated independents again fell back.

Within these figures, however, lie considerable differences of performance. Sainsbury maintained its lead over Tesco but the biggest strides, according to figures published by AGB, were made by the two discounters, Asda and Kwik Save, with Keymarkets, which also adopted a new pricing policy this year, also moving up along with Allied Suppliers' new Presto chain. Volume is not, of course, everything, but it cannot be much comfort to the traditional High Street operators that two of the groups with the lowest gross margins—Asda and Kwik Save—manage to make some of the highest net margins.

All this suggests that discounting will become more widespread in the future and that while some companies may be able to improve their overall gross margins by improving their fresh food operations or increasing their non-food sales, competition is hardly likely to get any less intense. Some companies may be able to improve their net margins, thanks to a lower rate of cost inflation, but others may have to fight very hard to stand still.

GROCERY DISTRIBUTION II

Industry under strain

WHILE THE squeeze on incomes over the past two years has meant that housewives have looked for more bargains and cheaper ways of feeding her family, the retailer has been able to adjust the mixture of products on the shelves while trimming overheads by reducing stocks.

For the manufacturer, however, life has not been so easy as he often cannot be so flexible. Volume production lines are just not profitable running at half pace, and canned meat factories cannot quickly be adapted to produce spaghetti.

Nor has the period been just one of lowered spending power. At the same time raw material prices have increased, often dramatically, lending rates, until recently, have been high, and on top of all this there has been the price code.

Here again the manufacturer has been left with much less room to manoeuvre than the retailer, who can manipulate prices within an overall gross margin rather than having to justify rises for each single product.

While it may be true that market forces have been far more effective than statutory controls in keeping down the price of groceries in the last 12 months, profit margins in the food manufacturing industry are still very low—some would argue that taking inflation into account the cash flow has been negative — and at the same time housewives and unions complain that one of the major problems facing them is the continuing steep rise in the cost of the shopping basket.

So the food industry then also becomes a political pawn, with even some calls for a complete freeze on food prices. At the same time food sales in volume terms are still falling, with a gap last year of some 5 per cent. between the actual increase in retail turnover and the amount it should have increased to take account of inflation.

Meats

Between January and September last year there was a drop of some 15.9 per cent. in the sale of cooked meats compared with the same period of 1975, 6.9 per cent. in preserves, 6.4 per cent. in meat pies and sausage rolls and 6.3 per cent. in frozen vegetables.

Nor has life been any easier in some of the fresh food areas where, apart from the sharp drop in the consumption of potatoes when their price soared, there has been a steady decrease in the amount of good quality fresh meat and fish consumed. When cod, for whatever reason, is on sale at over £1 per pound then the cheap dish of yesterday, although still comparatively good value, has moved into a luxury class that many households can no longer afford.

This has led to a heartening increase for the pasta producers, whose products give good plate cover and a filling meal at a fairly low cost per head. There has been a steady rise in the sale of snack products, and it has been suggested that, for instance, the recovery in the sale of biscuits can in part be attributed to them being used as a meal substitute because they are cheap and filling.

Sales of food recovered slightly in February, but this was partly due to January having been a poor month in the wake of the heavy Christmas spending period. With continuing forecasts of 18 per cent. food price inflation this year and the possibility of this being further aggravated by substantial wage settlements at the end of Stage II, it is quite possible that the decline in food sales will be fuelled by more price increases.

In 1960 food sales accounted for 23.2 per cent. of personal disposable income and 25 per cent. of total consumer expenditure. This had dropped by 1975 to an estimated 16.6 per cent. of personal disposable income and 19.3 per cent. of total consumer expenditure.

This has hit both the manufacturing and retail sectors with, not surprisingly, the small man likely to be hit worst. Compared with 1970 the biggest growth sector has been in wines and spirits, followed by radio and electrical goods, cars and motor cycles, beer and clothing. And savings, too, although recently slightly down, are still well up on the 1970 level in real terms.

This emphasis on the trappings of wealth has been profoundly worrying to the food manufacturers who have been unable to persuade the general public to trade up in times of prosperity and have been quickly affected by periods of austerity.

It is also clear that the increase in expenditure has been in areas which are largely controlled by the man rather than his wife, and there has been a strong feeling, expressed strongly by the Food Manufacturers' Federation recently, that extra pay is not being passed on to the housewife.

The squeeze in which the manufacturers have found themselves has even led to calls for the unions to take on the job of educating their members to pass on a fair proportion of any wage increases instead of calling for further restraint on food prices.

Nor are they squeezed only from on top. Farm and raw material prices have continued to rise, as any chocolate biscuit manufacturer will testify, marketing conditions for all convenience foods have become more difficult and the cost of distributing them is still rising sharply.

Undoubtedly the greatest irritation for the food industry was the operation of the price code. Operating margins of 5.12 per cent. in 1972 dropped away to 3.08 per cent. in 1974, with a recovery to 3.62 per cent. in 1975 and only a small further uplift last year.

The manufacturers complain that this has led to a reduction in capital investment, a slowdown in new product development and wide-scale redundancies as too many companies chased a shrinking market.

Claim

They claim that this position will be made worse under the provisions of the new code, which will allow prices to be frozen while an application for an increase is investigated. Although this should in theory only be for three months it could well stretch to up to six and the resulting loss of cash flow would be a further disincentive to invest.

And by picking on an industry leader to investigate, the Department of Prices and Consumer Protection can ensure that they can put a lid on a whole sector, for competitors could not afford to be at a price disadvantage in such a finely balanced market.

While some sectors, notably small specialists, have been able to look to exports to boost sales, the vast majority of U.K. manufactured food is for home consumption, as is the cas[e] over the rest of Europe.

Although some irrita[tions] have appeared as a resu[lt of] Common Market policies, [not]ably in the area of recipe [con]trol and labelling influence[s and] surplus production of ce[rtain] raw materials, the main [prob]lem is still survival in the [home] market.

Nowhere has this bee[n] poignantly pointed up rec[ently] as in the market for cakes. [The] U.K. has developed produ[ction] methods which give a f[airly] long shelf life to pack[aged] cakes for national distrib[ution] under well-known brand na[mes].

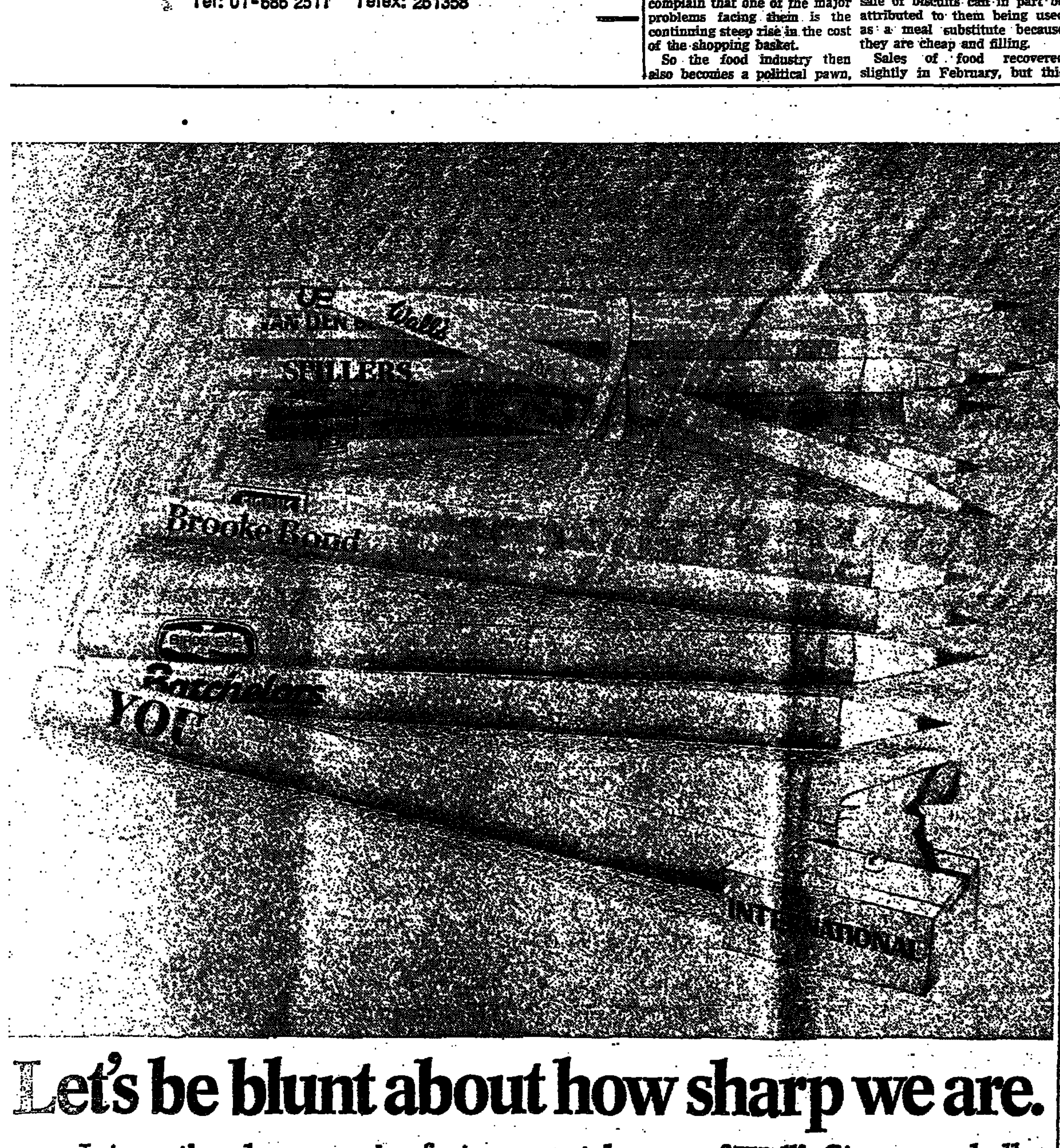
Tea, as a meal, has dec[lined] in popularity as more and [more] mothers go out to work, a[nd at] the same time cakes have [risen] steeply in prices as commo[dities] such as flour, sugar and [eggs] have all hit new peaks. [So] instead of being a daily [pur]chase it has become a weel[kly] luxury.

The result has been that [one] of the country's major [pro]ducers, United Biscuits, wit[h] McVitie and Cadbury cake [brand] names, has recently co[ncluded an] agreement with R[anks] H[ovis] McDougall to sup[ply] the[m] with the same br[and] names for RHM to sell.

Even giants like RHM, tho[ugh,] can have their troubles, and [some] of their workers are to be r[ede]redundant in the canned s[ea] fish and meat pastes de[part]ments of their Greatham fac[tory] because of "increasingly [diffi]cult marketing conditions re[sult]ing in heavy and accelera[ting] financial losses."

Both cases are sympton[natic] of the current struggle to cr[eate] strength in a weak market [and] on low profit margins. Not [all] is gloom; there are still m[any] companies operating profit[ably] and efficiently, but the indu[stry] as a whole is feeling ra[ther] defensive.

Stuart Alexand[er]



Voluntaries hold their ground

IT IS AN ironic fact of the food retailing business that some of the biggest companies in the business lie behind some of the smallest shops. The names of the big voluntary groups, like Spar, Mace and VG, may be familiar enough to the shopper but the names of the companies that lie behind them, like Linfoods, Booker McConnell and Wheatsheaf, are better known in the City than they are in the High Street.

The shops which are members of the voluntary groups are still largely independently owned. But, both as a result of the way these small shops do their buying and of the takeovers which have taken place in the wholesaling industry over the last few years, some of the wholesalers serving voluntary group members now number among the biggest grocery buyers in the country.

The voluntary group scene has changed considerably since the idea was first introduced to this country over 20 years ago. Then, the motivation was almost entirely defensive. What was at stake was the survival both of the small shop, faced with what then seemed like imminent destruction by the emerging supermarket groups, and of his traditional supplier, the independent wholesaler.

Independence

Bulk buying was seen as one possible solution. Wholesalers who were serving retailers in different parts of the country got together in companies which co-ordinated at least part of their buying. Like the wholesalers, the retailers retained their independence while agreeing to display a common facia so as to make some limited form of promotion possible. Thus, small shops were able to continue paying for their goods on credit and having them delivered to the door in return for a gentleman's agreement that they would buy most of their goods from one wholesaler and that they would contribute a relatively small sum to the group's overall promotional budget.

The groups certainly achieved their first objective. The small shops who joined up were generally able to compete more effectively with the multiples than those who continued to use traditional wholesalers or, more recently, cash and carry. To-day, the symbol group shops sell around 12 per cent. of the groceries sold in this country and they have held on to this share of the market at a time when the unaffiliated independents have continued to lose business.

Not all the shops who joined were happy with this new way of life—particularly as the more successful groups started to lay down tougher rules as to how their retail members should trade—but most felt the discipline was more than worth it. And, as the groups grew, so too did the services they offered.

The development of the groups also gave the wholesaler members a breathing space, though in the early days before the manufacturers started recognising the group's bulk buying power in their prices, m[any] traded at a loss. The more [ag]gressive wholesalers used [this] breathing space as an opp[or]tunity to diversify into ot[her] areas such as cash and ca[rry] and catering. But eventua[lly] the tide of mergers which [had] affected the small High Str[eet] chains several years ear[lier] began to be repeated at [the] wholesale end of the distri[bu]tion chain.

In the 1950s, the groups [in]tended to see success al[most] as much in terms of the [...]

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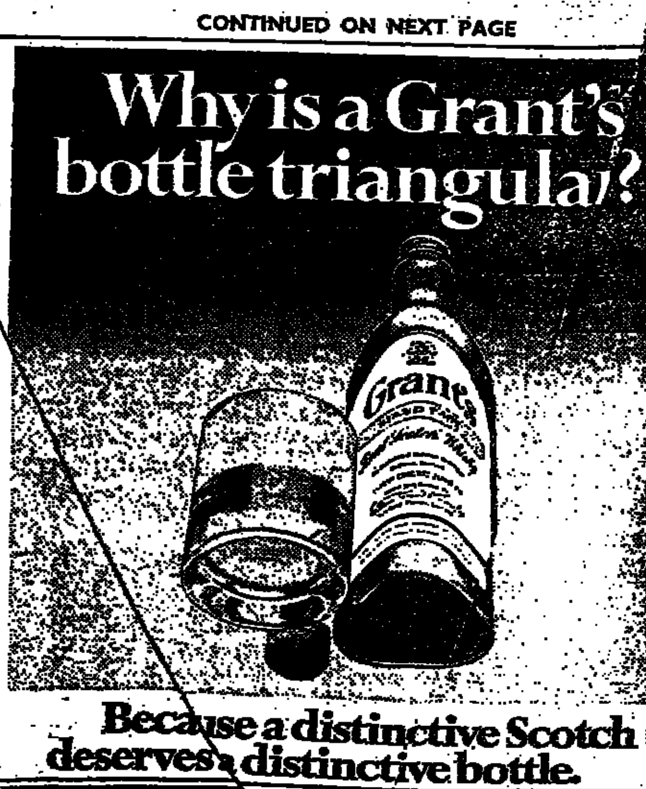

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Multiples adapt to change

THE NIELSEN figures show that the multiple supermarket chains again increased their share of the total grocery market last year. The increase, which took the multiples' share from 43.9 per cent. to 49.4 per cent., was small when compared to the rises notched up by the emerging supermarket groups in the early 1960s, but even if only this slower rate of progress is maintained, the multiples will be able to claim half the grocery market within two years.

Within the multiple sector, however, will be many different types of operation and, as with this year's figures, the fortunes of the different groups may differ widely. The very fact that an operation is a multiple does not automatically guarantee success. Indeed in the view of some, it may be a handicap when it comes to operating older, smaller stores. Moreover, as unaffiliated grocery shops are squeezed out of business, competition between the various supermarket chains is likely to become even tougher.

The word "polarisation" has become increasingly fashionable in grocery retailing over the past few years. According to one school of thought, the trade will polarise between the very large superstores and hypermarkets, run by the big supermarket companies, and the smaller convenience stores, probably independently owned but buying their goods centrally. Another school of thought, pointing to the success of two such diverse companies as Kwik Save and Marks and Spencer, believes that the trade will polarise between those offering a limited range of goods at deep cut prices and those offering a large range of high quality fresh foods as well as processed foods.

As yet, this polarisation may not be perceptible to the shopper. But what is certain is that the major groups are now in the middle of examining a number of alternative routes to growth. The common element in most of these developments is a larger trading area and lower gross margins.

But within this discount structure are again many variations, while other groups, like Budgens, have deliberately gone up-market and opted out of the mainstream of the prices rat race in the belief that some shoppers will always be prepared to pay a little more for a really wide range of quality products.

Almost all the big groups see large stores as offering the best hope for the future. Carrefour, the Co-op, Tesco, Fine Fare, Asda, Presto and International and the Sainsbury/British Home Stores joint company are all in the market for sites which will provide them with at least 40,000 square feet of selling area. Some, like Carrefour, which will shortly open its fourth hypermarket in this country, are not interested in sites which offer them much less than 70,000 square feet of selling space, but others, like Presto and Tesco, are prepared to take slightly smaller sites in district centres or refurbished town centres rather than lose the opportunity of getting, say, 25,000 square feet of selling space, in a new development. (Presto, for example, has just opened a 19,200-square-foot store in London's Shepherds Bush.)

Reasoning

Though views on the exact size of the ideal store of the future may differ, the reasoning behind the search for larger shops is basically the same. All the big groups believe that if they are to both operate profitably and offer the consumer the lowest possible prices, then they must be able to open stores which provide easy access for both customers and goods and which give them the space to sell a substantial range of the more profitable general merchandise lines alongside a full range of goods. Only by developing such stores, they argue, will they be able to reduce their costs in relation to turnover and so be able to pass on to the consumer the kind of savings modern methods of distribution provide.

Again not all the groups agree as to where these stores of the future should be located. Indeed, none has a rigid policy as to whether the sites should be outside the towns (possibly on the fringe of green belt land) or in newly developed shopping centres. But all agree that they must have the space to provide adequate car parking and road network to draw customers from a wide area.

Hopes that it might become easier to get planning consent for these new stores were raised last year with the publication in draft form of the Department of Environment's revised planning note. But since then, the planning decisions made public have hardly encouraged the view that local authorities are lessening their resistance to free standing large stores. The strong opposition of the Association of Metropolitan Authorities, whose members include many of the cities whose fringes are most desirable for shopping developments, to the Department's proposed policy note has added to the fears that if the views of central Government are changing, those of the local authorities are not. In the view of many local government officials, shopping developments still represent a threat to established traders in the town centres.

Not all small stores are unprofitable, of course. Some pay their way by charging higher prices than larger stores within the same group but trading in more competitive areas. Others, like some of Tesco's smaller branches, are building up their fresh food sales while Allied Suppliers is converting its remaining Moores stores into licensed outlets. But it seems inevitable that all the multiples will have to close many more branches this year.

The problem facing most of the established groups is what to do with those stores which are burdened with high fixed costs and which do not offer the room for physical expansion. It is to deal with this situation that most of the experiments in discounting have begun. A number of chains, like Key Markets and MacFisheries, have cut margins across the board in a bid for volume which, at least in these two cases, seems to have paid off in terms of sales. Others, like Tesco, Fine Fare and International Stores, have converted some of their smaller branches into limited range discount stores. By reducing staff costs and the number of lines carried to a minimum these shops have been able to offer the kind of prices previously only offered by specialist discounters.

To succeed, these conversions need enormous increases in sales, but the success of Kwik Save, with its own unique style of discounting across a limited range of goods, has shown that it is possible to make money by cutting gross margins to not much more than half that of an old-fashioned supermarket. Critics of the supermarkets' approach to limited range discounting claim, however, that all too often the basic cost structure does not change when the stores are converted to discounting and that this leaves them very vulnerable to competition.

Cutting

The other approach to discounting tried by a number of the big groups has been to try to emulate Asda by cutting margins across the whole range of food and non-food products normally sold by a supermarket. Allied Suppliers, for example, now has 73 Presto Stores (described by Cavenham as the "biggest explosion in food retailing since the advent of the supermarket") with an average sales area of around 25,000 sq.

To trade profitability, however, a full range discount store usually needs more space than is available for conversion within the group, so while they may provide an opportunity for the future, they do not necessarily provide a solution to the problems of what to do with the existing stores.

Most of the supermarket groups are only now formulating their policy towards discounting, and while some broad trends may be identified, the manner in which different groups approach the same problem differs: The Fine Fare Shoppers Paradise shops, for example, concentrate on secondary brands, while other limited range discount shops feature well-known brands. Moreover, most of the big groups are trying more than one approach. International Stores, for example, has a chain of limited range discount stores trading under the Pricerite name as well as the Payandtake branches which cut prices across a wider range of goods and its own larger International shops, while the Key Market shops also run the whole gamut of discounting under different names.

Future

What is clear is that no one formula is likely to provide the solution for the future. Even now, a major supermarket group already trading under three names, is considering converting some of its larger stores to discount branches under another name. Trading conditions around the country vary markedly and demand different responses. The North, thanks not only to the success of nationally known chains like Asda and Kwik Save but also to groups like Morrisons and Lennons, is a very different market place to London.

In this situation one wonders how long Tesco will be able to continue adopting a nation-wide policy of offering stamps in all the branches that trade under its own name. It has already started testing a non-stamp, limited discount concept under the name of Adsega and it may be that when its contract with Green Shield comes up for renewal this summer, it will ask for rather more flexibility in the new arrangement than at present. If Tesco was to drop stamps in some of its stores and put the money instead into prices it could mean other groups would have to cut their gross margins rather than lose business. This could tip the delicate profit balance the wrong way for some of those chains now experimenting with discounting.

Elinor Goodman

Voluntaries

CONTINUED FROM PREVIOUS PAGE

ber of wholesale companies belonging to the group as in terms of the number of retailers the wholesalers served. But gradually the number of wholesale members was whittled down. Old-established firms sold out to neighbouring wholesalers. In some cases this was merely because the family wanted to get a cash sum for the business but in other cases it was a reflection of the fact that the kind of small depots which they had operated for years were simply not suited to the more sophisticated methods of distribution which were being developed. Multi-storey warehouses, for example, were not easily adapted to the new methods of mechanical handling.

The result has been that the number of wholesale companies in the major groups has been more than halved. The 11 VG companies have now been reduced to four, while in the now-merged Spar Vivo group, over 40 independent wholesalers have been whittled down to 16.

Moreover, within this reduced number of wholesale members, certain large wholesaling companies have now come to dominate the big groups — if not in terms of voting rights, in terms of buying power. Though Linfoods only owns one of the 16 wholesale companies which combine to operate Spar, around 50 per cent. of Spar's turnover goes through Linfood depots. In the same way, Booker McConnell is the biggest single supplier to Mace members while Wheatsheaf is considerably larger than any of the other wholesalers in the VG Group.

Complicated

The picture is complicated by the links which connect one wholesale buying group with another. Two of the independent wholesalers in VG, for example, are also involved in another voluntary group, Centra.

The emergence of big wholesaling companies who dominate the other wholesale members of the group has made some of the smaller companies uneasy, though others welcome the additional financial backing such big companies can bring. The process of rationalisation is unlikely to finish here.

Last year, the Mace suppliers, Booker McConnell gained entry to Wavy Line, another smaller group, with the purchase of Kinlock (Provision Merchants), while more recently Linfoods has got a toehold in VG through its acquisition of Gateway Securities and Wheatsheaf has added to its dominance of the VG group by buying another of the VG wholesalers from Oriel Foods.

More takeovers seem likely in the future. The most obvious thing for an independent wholesaler to do if he wants to sell out is offer his business to another wholesaler in the same voluntary group. Indeed the logical progression might seem to be for the major wholesalers to gradually acquire all the smaller wholesalers in the same group. If this happened it could mean that companies like Linfoods overtook the biggest multiple supermarkets in terms of buying power, though the Monopolies Commission might look curiously at such mergers taking place in an industry which began with the idea of protecting the independent business.

For these big wholesalers, voluntary groups are just one part of their business. All the big groups now have cash and carry interests as well as a growing catering trade. Some feel that the cash and carry interests lie uneasily alongside the voluntary group business but others maintain that the voluntary group side will benefit from the expertise gained in these other fields. Delivering to large catering customers, for example, has meant that the companies have had to develop new techniques for distributing frozen foods and these could be used in the delivered wholesale business.

The retail members of the voluntary groups certainly seem to have done better than their unaffiliated competitors over the last year. Even so, the share of the grocery market taken by groups showed no increase last year. Indeed, according to figures from AGB, the symbol group's share fell slightly. Only Spar's share increased while that of VG and Mace declined.

Even so, this still means that both VG and Mace can claim a bigger share of grocery sales than multiple chains, like Key Markets and Safeways, while Spar's share is larger than that of International Stores.

The leaders of all the voluntary groups claim to be confident about the future. They predict that with traditional supermarkets becoming increasingly difficult for the multiple groups to run profitably in the future, it will be the voluntary group members who will pick up the local trade. Their members, they say, will be able to continue trading in locations—council estates, for example—where a chain, which has to pay its managers a proper salary and apportion its central expenses, could not.

Certainly, the rising cost of petrol would seem to encourage consumers to shop locally—particularly if the voluntary group member is prepared to stay open long hours—and the success of convenience stores in the States would seem to augur well for the voluntary group movement in this country. But, as the head of the Alliance group warned recently, retailers may have to start paying more for the services offered by voluntary group wholesalers.

E.G.

Achieving the right price

RETAILERS HAVE, along with the rest of industry, been complaining about the inflexibility of the Price Code since it was introduced in 1973. Now they have been hoisted with their own petard and presented with a package, the very flexibility of which is a major cause for concern. To add insult to injury, they have also got stuck with the old controls on net and gross profit margin ceilings for at least another year.

At the beginning of the year, there were genuine hopes that the whole of the Price Code would be scrapped and replaced by some system of random investigations into prices. But then, as the Government negotiations with the TUC became more difficult, it became clear that the unions would not tolerate the complete abolition of the present controls. While some companies had already become apprehensive about the prospect of controls with no hard and fast rules, the compromise which was eventually hammered out pleased very few people in industry—and certainly not the retail trade.

Proposals

Distributors felt that they had again been singled out for particular scrutiny by the Government. The new Prices Secretary, Mr. Roy Hattersley, had hardly endeared himself to the trade by his actions in the bread industry—though to be fair to the Minister he was trying to restore free competition in this field—and his proposals for future price controls hardened this feeling of suspicion.

For while the obligation on manufacturers to justify individual price increases to the Price Commission on the basis of increased costs was dropped, there was no change in the gross margin control for retailers. Under Mr. Hattersley's Price Commission Bill, both retailers and manufacturers will continue to be subject to the net margin control but as retailers have tended to regard the gross margin control on them as the equivalent of the allowable cost regime for manufacturers, they are incensed by what they see as unfair treatment.

This anger has only been slightly eased by Mr. Hattersley's statement that while the new system of re-vamped Price Commission inquiries are designed to be permanent, the margin control will have a finite life. Under the Bill, published this month, dividend and margin control will continue until July next year provided the unions agree to a pay policy. The powers could then be extended until 1980—again providing there is a pay agreement. After 1980, however, new legislation would be needed if the Government wanted to continue the restrictions.

But however unpalatable margin control may be to retailers, it is not really this element of the package which worries the trade most. For the great majority of retailers the net margin ceilings are academic both as a result of last year's relaxations and as a result of trading conditions. In the second quarter of last year, for example, food and drink retailers were only trading at just over half their maximum permitted net margin levels, while food wholesalers were even further from their reference levels.

And while gross margins in the food trade are thought to have been eased upwards at the end of last year, they are still some way from their reference levels, though throughout the period of controls retailers have been much nearer their gross profit ceilings than their net profit reference levels. In the second quarter of last year, food retailers were achieving an average of 92.7 per cent. of their gross reference levels, and while there may have been some increase in gross margins since then, the changes made to the Code last summer gave all retailers more room for manouvre. Certainly, some companies may be up against their profit ceilings in the next few months, but they will be in the minority.

Controls

In the longer term, the margin controls might represent a real restraint again, but more worrying in the short term are the new aspects of Mr. Hattersley's plans. These relate to the Price Commission's new role as an investigatory body and the powers to enforce the Commission's recommendations.

Mr. Hattersley agreed with industry that the old Code was far too rigid. But his concern about this lack of flexibility was different to that of industry. In his view the Code, with its complex rules, actually prevented him taking effective action on undesirable price rises and encouraged companies to raise their prices merely because they were allowed to do so under the Code. (The latter view is also shared by some industrialists). What he wanted to do was stamp on those undesirable price increases and trading practices while at the same time reducing the administrative web which surrounded the old Code. For this reason, he drew up legislation which would allow the Price Commission to examine companies—and sectors—even if there was no breach of the old Code.

These investigations will take two forms. The Price Commission will itself be able to initiate inquiries into particular companies. In the case of manufacturers, these investigations will probe the reasons behind a particular price rise. Proposed price increases may be blocked while the Commission is examining them — though there is the power to allow part of the rise to go through. On the Commission's recommendations, the Minister will then have the power to freeze the price for a further period. This means that manufacturers' price increases could be frozen for a year. In the case of distributors, the Commission will be able to examine the margins of individual companies and recommend a freeze where it considers necessary.

The other kind of Commission inquiry will be more far ranging. As a result of a reference from the Secretary of State, the Commision will be able to look at prices within a sector of industry. These investigations, which will take an unspecified length of time, may also cover the margins made by retailers selling the goods in question as well as the prices charged by manufacturers. Again, the Secretary of State will have the power to enforce the Price Commission's recommendations.

Certain safeguards, still to be negotiated, will be built into the system so as to protect companies making a low profit from the effects of a Price Commission recomendation but the whole system will be far less precise than the old controls. Instead of judging price rises against a set of tightly defined rules, the Commission will have a far vaguer set of criteria to work with. Though some of these criteria would appear to support Mr. Hattersley's claim that he has no intention of damaging industry and preventing any recovery, the worry is how they will work in practice.

Safeguards

The question, which has been asked repeatedly over the last few months by both the Confederation of British Industry and the Retail Consortium, is how can companies plan — and invest — for the future if they do not know whether they are obeying the rules or not.

Publication of the proposed safeguards may clarify the situation slightly. But given the fact that Mr. Hattersley does not want companies to be able to hide behind price controls, he is highly unlikely to agree to the kind of safeguards industry will ask for. Moreover, the safeguards are likely to be crude instruments. It is difficult to see, for example, how the Minister could agree to a safeguard level which would protect food retailers from being forced to reduce their profits to historically low levels if it meant that food wholesalers—who traditionally work on much smaller margins — would be effectively exempted from the controls.

Much will depend on the membership of the new Commission and how it sees its remit. Only after it has published a few reports will it be possible to get some clearer idea of how the new system will work in practice.

The controls certainly have the potential to damage the food industry. And given the political importance of food, it seems inevitable that the Price Commission will get involved in it. If, for example, the Commission were to decide that a leading supermarket's margins should be reduced, competition would mean that other companies would have to cut their prices as well. Moreover, the sectoral references could pose major problems. A ruling that, for example, margins on shoes be frozen could play havoc with the profit mix, while an order freezing margins on a basic food product could be even more damaging.

On top of these investigatory powers, the Bill also provides new powers to control the display of prices. This could bring the whole question of manufacturers' recommended prices into the open and mean that retailers would have to alter the way in which they expressed price cuts.

But while the food industry is obviously not going to escape the Price Commission's scrutiny, Mr. Hattersley's advisers do seem to believe that food retailing is generally very competitive. As long as this view holds —and is accepted by the new members of the Commission— it is difficult to see how the Commission could, say, demai a reduction in Sainsbury margins across the board, par cularly as most big retailers wi presumably prefer to cut the margins voluntarily rather th attract the Commission's atte tions. The Commission coul of course, freeze the price of particular product while might well also investigate th profits of some of the small distributors who do not have submit their figures regularly.

The Commission will independent of Government the company investigatior which will be instigated by th Commission itself, will not pr sumably be politically mo vated. Mr. Hattersley h repeatedly said that he has intention of harming indust but political pressures in th future may force him to tal action which food retaile would regard as damaging. Th one thing, however, the tra will be glad to know is th officials at the Department Prices still wince at the phra "Price Check" and that the are no plans at the moment repeat this kind of exercise.

E.(

Small men fight on

NOT SO much a business—more a way of life, if you don't weaken. The small independent grocer has been under siege for many years now but despite predictions that he will be killed off by the big, bad supermarket there are still many of them left, there is still a steady supply of people willing to come into the business and, in some areas, the transition into a convenience shop means that Britain's small shopkeepers are making a comeback.

That is not to say that there has not been a sharp shake-out in the number of retail outlets over the past 15 years and this is probably still continuing. The small grocer is still accounting for a smaller proportion of the total volume. He lives in a sellers' market in relation to manufacturers and a buyers' market at retail level.

Declined

The figures speak for themselves. In 1961 there were 116,336 independent grocers in the U.K. out of a total of something over 150,000. By 1966 this had fallen to 96,451 and by 1971 to 86,565. Since then there have been no official figures but estimates put the decline at 80,000 in 1974, 78,000 in 1975 and 76,000 by the end of last year.

Other types of grocery outlet have also declined and the total now is estimated at 93,000. In percentage terms this means that independents, including those in voluntary groups, now account for 81.7 per cent. of the outlets, compared with 77.3 per cent. in 1961.

But their share of the trade is now only about 35 per cent. as the swing to bigger and bigger outlets continues and the price-cutting war takes a few more small men with it every week. Nor is it always the small man. The opening of a hypermarket can also quickly depress larger stores in the vicinity.

Some of the small shops which have closed have done so because their immediate post-war owners have now retired or have sold them to larger groups, others have been redeveloped and have been outgunned by multiple money. But some are making a fight of it.

Independents are divided unequally into the rather high-class specialists shop, usual calling itself a delicatess and corner shops which ha become convenience store Some delicatessens do ve well, some very badly depen ing partly on the capability the owner and partly on suiti the mix of goods to the mix customers. But overheads c be deceptively high and the are far more hamburger ba opening than delicatessens.

The great majority of ind pendents are old-fashione grocery shops, family run ar often serving only a very sma community. In recent yea they have had to expand th range of goods being sold an in some cases the number c hours of trading.

Some 87 per cent. of al grocers now stock frozen foo and 91 per cent. tobacco pro ducts. Nearly 6 per cent. sel fresh meat and 2 per cent. fres fish. And a surprising 6 pe cent. sell clothes. In additi

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Co-op traditions die hard

THE THE most important put up for discussion at Whitsun's Co-operative Congress is the interim report just published by a working party which has spent nearly two years producing proposals for simplifying the Co-operative movement's complex structure by establishing a new national federation.

It will be far from the first time that Congress—the annual "parliament" which brings together all sides of the common body known generally, if erroneously, as just the Co-op—has discussed the contentious question of achieving more co-operation within the movement. And it is unlikely to be the last. But this time it will have before it a carefully worked out draft blueprint for action aimed at securing the next stage of the Co-op's return to its former trading glory.

Not that the Co-op has ever ceased to be a major force in British retailing. Even in the long years of its decline, its sales volume remained substantial. But it saw successive annual falls in its share of the market as its competitors moved rapidly ahead with supermarket development. They outpaced an organisation which had originally been in the forefront of the self-service concept, and, in the non-food field, actively pursued the younger more affluent customers who have provided such a large part of the volume growth in retailing and who, by and large, have not so significantly to be attracted to the Co-op's old-fashioned virtues.

On paper, the Co-op remained attractive. After all, it was pledged to help the consumer: its profits were returned to customers and those customers were, if they wished to be, the ultimate arbiters of how the business was run. And, on top of this, it had a social purpose, taking a role in adult education, running a youth movement somewhat akin to the Scouts, and helping in the development of political awareness. Old fashioned they may have been, but its virtues were—and are—virtues nonetheless.

But, when it came to the crunch, the Co-op was not particularly cheap, even when the famed divi was taken into account—and to get it you had to take the trouble to join your local Co-op. It was not available to the casual shopper and in any case Co-op prices were seldom lower than those of its straightforwardly capitalist rivals. Neither were its goods better. And, if its virtues were old fashioned, so were most of its stores. Tesco, Fine Fare and others were developing a new kind of shop, larger than those previously seen with all the goods laid out in attractive, bright display, which the shopper could wander round and choose from at will. There could not have been a bigger contrast than with the typical Co-op grocer.

Away from groceries, the situation was similar. The movement's insurance activities and its building society (now the Nationwide, and no longer a member of the Co-operative Union) may have continued to flourish, but its department stores remained steadfastly down market, making few concessions to the newly affluent Britain which was growing up around them. Overall, the movement's customers tended to be the relatively low paid and, increasingly, older people. New generations grew up which seldom, if ever, visited a Co-op store.

Professional

The turning point came a decade ago when the CWS, having reorganised its own operations under a new and more professional management, started to turn its attention to the retailing side of the business. Not only did it set out to instil in the retail side of the movement a sense of the direction it was obvious it had to follow if its trading fortunes were to revive but it had the cash resources to finance the sort of developments necessary.

So, spearheaded by the CWS came Operation Facelift, a vast modernisation programme launched in 1968 aimed at giving the Co-op the sort of stores its competitors would be proud of. Big new supermarkets were built with the aid of CWS finance and old, small outlets closed—over 12,000 of them in the last decade, a period which has also seen the Co-op workforce shrink by 102,000 as the movement has caught up with the self-service revolution. In addition, a common Co-op logo was introduced and adopted by most societies.

At the same time, the CWS promoted a new concept for distributing the traditional dividend—dividend stamps, available to all customers and not just share account holders (though those can still receive preferential treatment under the new system). To the customer, this meant that the Co-op became a trading stamp organisation although the movement's theorists will still maintain that there is a fundamental difference between its stamps and those, for example, of Green Shield. Maybe in theory there is, but in practice the customer can see no difference—except that Co-op stamps (available also outside the movement, at some non-Co-op garages, for example) can be exchanged in stores for any goods there instead of having to be "spent" at special redemption centres. And that in itself gives those Co-ops which have adopted the system—the vast majority in terms of trading turnover—an edge over their more conventional stamp-giving rivals.

At the same time as these changes in the sorts of stores and services operated and offered by the movement have come changes in its structure.

In particular, there has been a vast reduction in the number of societies. Those 700 ten years ago are down to just over 200 to-day. Many of the larger societies that have resulted have been brought about by forced marriages, with the Union stepping in to ensure that a society in trading difficulties did not go bankrupt, costing its shareholders—many of them small savers have traditionally looked on the Co-op as a safe repository for their money—their deposits, and in particular, creating a lack of confidence and consequent demand for share repayments across the movement as a whole. Others have had a more positive source, created out of the realisation that larger units are an essential if the Co-op is to compete successfully with its multiple store competitors, with the CWS again playing a role in pinpointing areas where mergers could be beneficial.

The eventual aim, according to first one and then a second regional plan approved by Congress is the creation of just a handful—the present target is 26—of large regional societies across the country. The prototype for these is the giant North Eastern Co-op, which has well demonstrated just how successful a large vigorous Co-op, albeit one created on a base of trading weakness rather than strength, can be.

At the wholesale end too, there have been organisational changes, including one highly fundamental one with the merger of the Scottish Co-operative Wholesale Society, in acute financial difficulties as a result of its banking subsidiary's foundering in the sterling certificates deposit market, with its south of the border counterpart. For the first time, this gave the movement a U.K.-wide organisation, with all the promotional benefits which go with that.

The key thing, of course, is that all this has been paying off. After several decades of a steady decline in retail market share — in 1957 the Co-op accounted for 12 per cent. of all retailing turnover, a figure already well below the pre-war level but destined to fall to 6.9 per cent. by 1973 — the tide has been turned. In 1975 the Co-op's overall market share was 7.2 per cent., with the movement's 23 per cent. rise in turnover outpacing that of every other retail sector. Last year it achieved another, if slight, rise in market share to reach 7.3 per cent. And, with a 17 per cent. rise in turnover (at current prices, though much, much less once inflation is taken into account) it again outpaced all other retail sectors (save department stores, which also notched up a 17 per cent. advance).

In groceries alone, the Co-op again remained out in front. In a year when total grocery turnover increased by 15.8 per cent. to £8.7bn., the Co-op notched up an 18.2 per cent. sales increase to give it 14 per cent. of the market against 13.7 per cent. in 1975.

Against this background, it is little wonder that the movement to-day exudes an air of confidence inconceivable a decade ago. To an extent, the Co-op may be benefiting from the downturn in economic expectations, attracting shoppers forced of necessity to move down market. But it is also in the forefront of the next stage of retailing development, the erection of superstores, and, significantly, has suceeded in attracting to those, according to customer profiles carried out by the CWS, the younger more affluent customers it so badly needs.

The changes, traumatic though they have been as modern trading principles have battled against the traditional democratic structure of the movement — for the sort of consumer democracy the Co-op prides itself on is far harder to achieve with big units than with small ones, though how much the average customer is concerned with this democracy is another matter — have undoubtedly paid off.

Complaints

Yet success has brought its own problems. One was highlighted by the CWS towards the end of last year with complaints from Mrs. W. H. Farrow, the wholesale arm's chairman, that large societies were maintaining independent buying policies instead of purchasing exclusively from the CWS under an agreement signed in 1968. That meant that national promotions were still difficult to mount and a unified image hard to maintain. Another is that, as the trading climate has changed, the pace of mergers has slowed dramatically.

Finance, too, has remained a problem, even though the greater involvement of the CWS in retailing has made the allocation of what money there is that much more efficient. But share capital is now down to about £145m. against £260m. in 1960, even though the decline has ceased in line with the revival in trading fortunes. The switch from dividends to stamps, though advantageous in many ways, has also removed a source of cash. For the dividend was paid at the end of the year, with the cash involved available for societies' use until then. Stamps are given as purchases are made.

Profit margins, too, have been falling and all this has happened at a time of raging inflation, with the need for more cash growing almost daily. One answer on which the more idealistic, if less practical, activists in the movement have pinned their hopes is the setting up of a State-backed Co-operative Development Agency by a Labour Government with which the Co-op's political wing, the Co-operative Party has always maintained an alliance. But, despite various Labour pledges when in Opposition, that such an organisation is in the offing and the setting-up recently of a Government working party on the topic, this seems unlikely to materialise. It could create problems if one retailing organisation were seen to receive public money to the exclusion of its rivals and be ill-timed in terms of reducing Government spending.

A second, eminently more practical if somewhat dubious answer has actually been resorted to by some societies—using their own pension funds as a source of finance, paying well below commercial interest rates for the money. This practice is, however, frowned on severely by the Chief Registrar of Friendly Societies.

Tapped

Other sources of finance have been tapped with the creation of new loans savings schemes and so-called development bonds, and these have met with a fair degree of success.

The need is clearly for a central pool of finance, so that there could be established on a formal basis what the CWS has, in effect, been doing informally.

And this again comes down to the need for much more co-ordination—more co-operation—within the Co-op. It is this which the working party's interim report up for discussion at Congress aims to achieve. What is proposed is the merger of the Co-operative Union and the CWS to form a new single national federation.

The need for this has been seen by many in the movement for a decade or more. What has prevented it, basically, has again been the battle between traditional democratic structure and trading realities. Indeed, the CWS's retailing involvement has already been a source of friction with societies jealous of their own independence.

Even the working party was not unanimous: three of its ten members have put forward a minority statement saying that the merger proposal "in the foreseeable future was inadvisable and not in the best interests of the movement."

What the majority has proposed is a single federation controlled by a national board elected by retail societies. Its aim would be to pool expertise, set out corporate strategy, and make possible greater specialisation in retailing techniques. Based on four regions, it would also aim to encourage the merger of retail societies to produce a final tally in line with the regional plan's target of 26—a development seen as at least 10 years away.

How the vote at Blackpool will go is anybody's guess; it promises to be extremely close. And even if the working party's majority proposals are accepted, the final details have still to be worked out. Those will be presented to the 1978 Congress, with probably a referendum of individual societies in the interim, assuming the vote this time goes that way.

David Walker

Small men

CONTINUED FROM PREVIOUS PAGE

some sell records and books, cosmetics, toiletries and drugs, nylons and can openers, and some are also diversifying horizontally into hot snacks and sandwiches.

All of these fall into the category of convenience items and are part of the general pattern of the independent grocer. He may not now be relied on for the weekly grocery order, except in some country areas. More likely the shop will be used to top up the weekly purchases made at a large store. Or it could be used by those people who compulsively shop every day or, being single, shop for themselves on the way home from work.

And there is a growing requirement, particularly in the large conurbations, for the shop to stay open later. It is estimated that some 65 per cent. of shops still close for lunch, the majority open between 8.30 a.m. and 9.00 a.m. and most are shut by 6.30 p.m.

But this leisurely style of trading is fast becoming not just uneconomic, which it always was, but likely to result in complete failure. Paradoxically about 25 per cent. of grocery stores are now opening on Sunday mornings in order to boost trade at a time when all the multiples are sure to be closed.

Nor is it the influence of immigrant shopkeepers who in some areas have led the way with longer opening hours. In the main these tend to be concentrated in areas of dense immigrant population though others are dotted around. They are not, however, a common feature in the shires, where the same moves are gradually taking place.

In general the immigrant shopkeeper has been faced with selling whatever goods he can afford in whatever premises he can find for as many hours as he can. This has, in some cases led to some friction with other local traders as well as normal customer wariness but the idea that there is a widespread mass takeover is unfounded.

According to Mr. Les Seeney, director of the National Chamber of Trade, the average independent grocer will be over 50 and will be a retired civil servant or policeman who is looking for a job he or she can do in the community which is reasonably paid and independent. It will be as much a hobby as a business and, especially again in the more rural areas, will give the shopkeeper a special place in village life. Busy, interesting, varied and rewarding.

In contrast managers of supermarkets are usually under 40 and have developed the job as a career which will take them higher into multiple grocery store management.

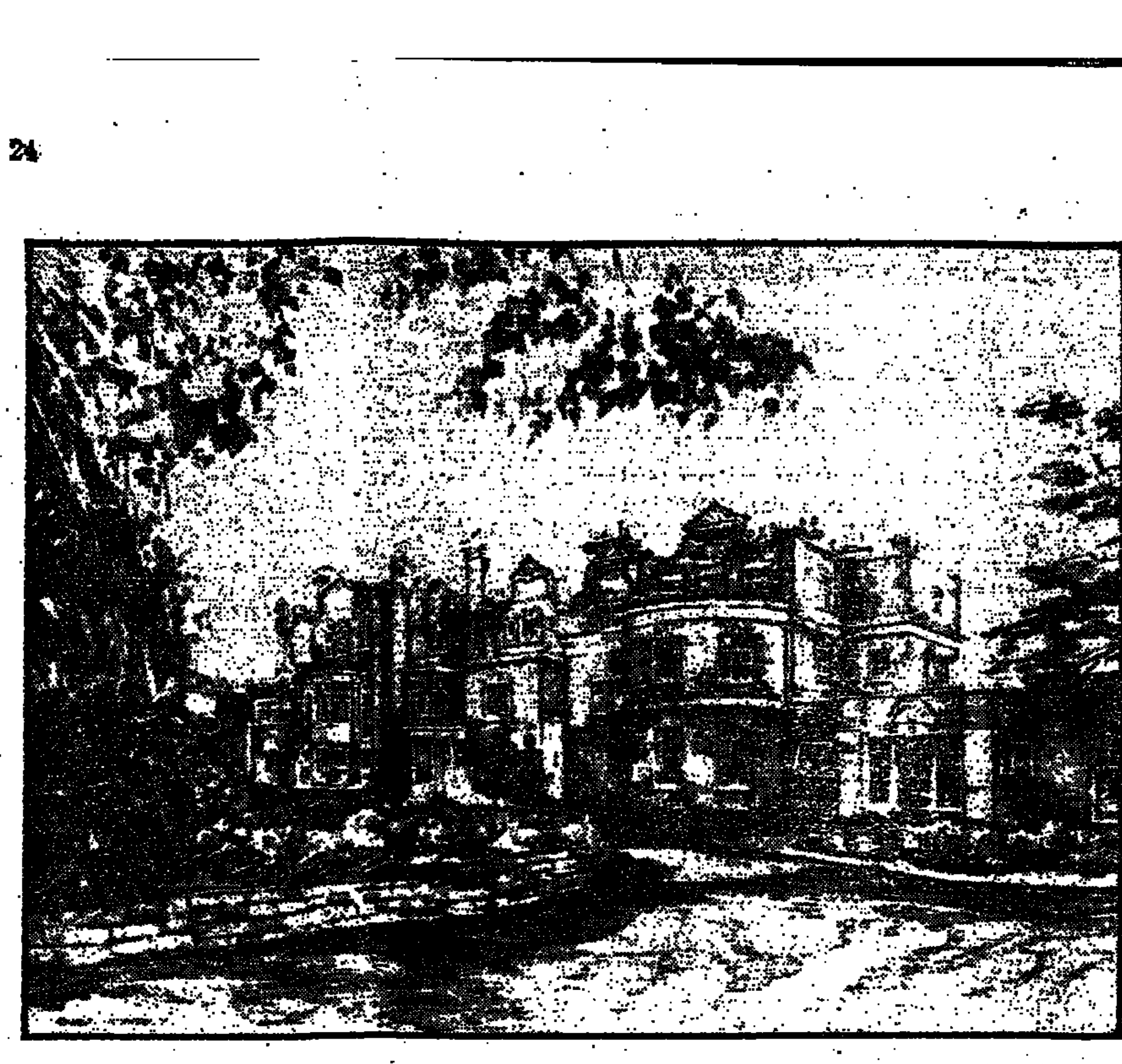
In the last four years rates have risen steeply in many parts of the country for many types of shop. The grocer is not the only one to have been hit. But his margins are not such that he can easily absorb the additional overhead costs and the competition is such that if he pushes up his prices he will quickly lose his customers.

Almost by definition now the small grocer is in a secondary site as even the most blue-blooded of high class family grocers have been bent under the weight of money chasing town centre properties on a national basis.

Later this summer there will be yet another round of wage increases which will mean that the independent who employs two or three part-time staff will have to increase quite substantially his turnover in order to pay for it.

This is no easy task when he is already struggling to maintain his share of the cake. In some cases there will be redundancies, in others services may have to be cut. But the real prospect in store is to step up momentum and to work harder for longer.

Stuart Alexander



Big stores plead for acceptance

IF THERE has never been a Government policy, you cannot talk about changing it. Just soldier on in the dark, winning the odd planning consent, losing plenty, and hope the legal and other planning costs on the losers don't destroy the point of the hypermarket exercise.

Such jaundiced sentiments are common at present among the handful of retailers seriously interested in developing very large stores. A year ago they would have said they were confident that they were winning their point, that Government accepted, however tacitly, that hypermarkets could cut the cost of living, that they usually did not cut the business of effilient town centre retailers, and that most transport and environmental objections were solvable.

Now, attitudes have changed. "One must accept that the Government is disposed against hypermarkets," is among the gentler verdicts of those monitoring reactions to appeals. Partly this shift is read into a handful of the most recent appeals—at Chester (Asda), Chichester (Sainsbury), Heathfield, Devon (Tesco) and Sandford, Oxford (Co-op). All have been turned down and at Sandford Mr. Peter Shore, the Environment Secretary, overruled the local inquiry inspector's decision.

Inevitable

Partly the real or imagined change in attitude is regarded as inevitable with the change in personnel at the top of the Department of the Environment. Mr. John Silkin, who held the planning brief, has gone (without a specific replacement on planning), Mr. Crosland has died, and his successor as Environment Secretary Mr. Shore has made the revival of the inner cities his main policy plank.

Logic appears to demand that if he wants to see the economic life of the inner cities revived, he is not going to favour the granting of planning consents for hypermarkets on greenfield sites on the fringes of the conurbations, the sites many retailers want partly because large enough tracts of land are only available outside the centres, and partly to increase catchment area.

What could be called the main line inner cities' view on hypermarket planning has already been put to Mr. Shore by the Association of Metropolitan Authorities. Hypermarkets, it said, did pose a threat to existing shopping centres. National policy should avoid "stripping comparison shopping from shopping centres."

Shopping facilities should be provided alongside other community and social facilities, said the Association, repeating its commitment to the pattern of retailing which has developed over the years to meet the needs of communities of different sizes.

Two specific points made by the Association, representing all the large conurbations on whose outskirts the hypermarket operators want to be, particularly point to these operators.

First, the association said that it felt strongly that the location of shopping facilities was a proper matter for consideration in local authorities' development plans, a sensible, even innocuous statement. But, with the ambitious and detailed programme for land use studies and long-term acquisition plans laid down around the Community Land Act, retailers quite justifiably fear that applications will be turned down because larger planning policies are not yet completed, with location decisions getting postponed for even longer than in the past.

Second the Association made some surprisingly vehement points about transport access to very large stores. All shops, other than very local ones, had to be accessible by public transport. In the case of very large stores proper provision should be made for bus facilities adjacent to the entrances. Accessibility only by car was not good enough.

This view follows the thought that if hypermarkets really do cut costs then they should be encouraged—even at the risk of some damage to other local retailers—providing those costs can be cut by the people in most need. There is no point in encouraging cheaper shopping if it is only cheaper to the car-owning classes.

But the Association went further than this. If, it said, the city centre sites where it wanted the larger stores were, because of anti-car policies, only accessible by public transport, then that was tough on car-shoppers but did not invalidate the policy. Difficulties with driving to in-town stores did not make a case for out-of-town stores, said the Association.

The association's case adds up to fairly rigid opposition to one of the main trends in retailing, not only in Britain but Europe. How far Mr. Shore accepts it should be known shortly. The draft revision of Development Control Policy Note 13, governing very large stores, was published last July. A final version is due. There is no word yet from Whitehall as to when, but it would be unusual if it followed more than a year after the draft appeared.

In the meantime, there is an inevitable hiatus. The draft revision upped the limit at which local authorities had to refer new stores to the Department from 50,000 gross square feet to 100,000, but the old Note is still the one in force so 50,000 square feet is still the cut-off point for all present cases. Similarly, the spirit of the revised Note appeared to encourage authorities to take a positive approach to hypermarkets, stating that, in general, large, efficient stores were to be welcomed.

Careful assessment had to be made of the effect of proposed new stores on existing retailing, said the revision, and nowhere did it state plainly, as the store operators had hoped, that there was clear evidence that hypermarkets cut shopping costs, but nevertheless its tone was welcomed as more positive. But for the moment, it is the old Note, now in force for five years, which is still the ruling document as far as the authorities are concerned, and the tone of that Note appeared to be against hypermarkets.

In the meantime, just how far is the planning battle on very large stores "a game without rules," the view of a leading chartered surveyors involved in the field (Healey and Baker), or "a bit like the Grand National—there is no overall policy but a series of precedents have been established—you can fall at any fence" (Wheatsheaf Distribution and Trading, which operates the British Carrefours)?

Experts

It has always been extremely difficult to discern any lasting trend in the record of appeal decisions. A series of favourable decisions arrive and retailers and their planning advisers think the breakthrough with Government opinion has been made. A handful of rejections and gloom sets in, as at present. In each of the four recent cases quoted above some impartial experts take the view that rejection, on various different grounds, was always highly likely. Last year a clutch of favourable decisions went through and there is no reason why the swings-and-roundabouts pattern should not repeat itself.

Besides, the appeal statistics prove little. Many hypermarket or superstore applications (depending on definitions of size) are only dealt with at the local level even under the old Note. And many cases are not pursued to appeal, because of the time and expense involved.

This attitude is typified by Fine Fare, which has managed to put together a development programme—12 current projects with consents granted and an average sales area over 50,000 square feet—to rival even Asda's, without scarcely ever going to the lengths of the appeal procedure. "We believe in planning control," says the company, which apparently finds enough satisfactory sites on which there is likely to be no trouble from local authorities and, "if greenfield site which it l[illegible] if it shouldn't get a perm[illegible] fairly quickly, then we [illegible] pursue it."

Perhaps two generali[illegible] in an area of controve[illegible] which all generalisatio[illegible] dangerous, since every a[illegible] tion involves a quite di[illegible] mix of rival retailing, tra[illegible] or environmental problem[illegible] worth making.

One is that the trad[illegible] view that the local authori[illegible] the south discouraged [illegible] markets and those in the [illegible] encouraged them—less [illegible] cally powerful re[illegible] interests, more spare lan[illegible] no planning problems, a g[illegible] natural interest in di[illegible] shopping—this view appe[illegible] be breaking down. [illegible] would argue that the so[illegible] still dangerous territor[illegible] hypermarket operators (t[illegible] SavaCentre, as well as Wa[illegible] ton New Town, will by 1[illegible] be opening 153,000 [illegible] Basildon and 130,000 s[illegible] Hempstead Valley). B[illegible] seems that many souther[illegible] judices against superstore [illegible] going.

The second general [illegible] might be summed up by [illegible] that the inevitable takes [illegible] If hypermarkets really do [illegible] significant savings for the h[illegible] wife, then all the planning [illegible] plexities imaginable will n[illegible] the end, prevent the ex[illegible] around 130 becoming s[illegible] hundred given time. The [illegible] of savings is what the ope[illegible] have to continue to press.

Which leaves unanswere[illegible] more immediate poin[illegible] whether the present En[illegible] ment Secretary will slo[illegible] development over the ne[illegible] years by a rigid policy t[illegible] out-of-town stores. Mr. [illegible] Moore, chairman and man[illegible] director of Wheatsheaf, is [illegible] of the operators convince[illegible] has the test case. He a[illegible] the results of an appeal [illegible] Carrefour at Colchester, inquiry having been heard [illegible] autumn. "If Mr. Shore [illegible] gone against low prices," [illegible] Mr. Moore, "if he is reall[illegible] on old fashioned town c[illegible] shopping, then he'll turn [illegible] one down."

Quentin Guirdh[illegible]

Difficulties in cash and carry

AFTER A couple of decades of unprecedented growth, during which the cash and carry depot replaced the traditional delivering wholesaler as the source of merchandise for the small retailer, the industry has run into difficulties. Obviously with retail sales stagnant, or falling, especially through the smaller outlets, the cash and carry warehouses are bound to suffer.

Last year the grocery independents, still, with caterers, the main customers of the depots, suffered another setback, pushing up sales by just 13.2 per cent, which in real terms means a decline in volume turnover. Indeed the independents accounted for 36.6 per cent. of the £8,683m. (Nielsen estimate) of grocery sales as against 37.4 per cent. in 1975, although the symbol groups did better than the hard-pressed really independent retailer.

The problems of the cash and carries were not caused only by a fall in sales through their card holder shops. The U.K. is still over-supplied with depots. At the peak there were more than 600 depots, many of them small converted warehouses, mills, or cinemas, covering 10,000 square feet or less. Now there are probably less than 550 still functioning, and any new depot that does appear will be approaching 100,000 square feet in area, and almost certainly run by one of the big groups that now dominate the industry.

Six organisations, Nurdin and Peacock; Makro; Trademarkets (part of the VG Group); Valuecentre (Spar); Keencost (Mace), National Food Distributors; and Landmark account for approaching three quarters of sales through cash and carries, which in 1976 probably totalled around £1,350m. Of the six Nurdin and Peacock and Makro handled £270m. between them.

Study

A recent study by the Retail Outlets Research Unit at the Manchester Business School reported that between 1972-76 the sale floor area of the depots rose by 39 per cent. while the number of depots declined by 10 per cent. In 1972 the ten largest companies accounted for 44 per cent. of the floor space; they now have 60 per cent. Wheatsheaf, with its many ramifications, runs over 12 per cent. of all the U.K. floor space; Nurdin and Peacock 8.5 per cent.; and Booker McConnell 8.3 per cent. But floor space is not everything. Makro, with just six, admittely very large, depots, had sales of £117m. last year, and N and P, the biggest single operator, topped the £150m. mark through less than 30 warehouses.

These two companies are somewhat similar in offering a wide range of merchandise and always aiming to be [illegible] stocked. Makro, in fact, [illegible] half its sales from non-f[illegible] stocking 20,000 non-food [illegible] as against 8,000 food lines. [illegible] constant aim has been to a[illegible] to a wide range of [illegible] retailers, and it now has [illegible] 200,000 cardholders. With [illegible] finance behind it Makro is expanding and hopes to [illegible] planning approval for two [illegible] openings next year, in Lo[illegible] and Glasgow. In 1976 sales [illegible] up 37 per cent. and mu[illegible] this was in higher profit m[illegible] electrical, household, and [illegible] goods.

Some cash and carries [illegible] concentrating on the gr[illegible] retailer. They are seeki[illegible] meet tougher trading cond[illegible] by going in for joint [illegible] agreements. Last year [illegible] wholesalers, led by Allianc[illegible] Warriner and Mason, [illegible] lished National Food [illegible] butor, which deals as one [illegible] the manufacturers, getting [illegible] counts in the process and [illegible] promotional deals to [illegible] retailers to its 100 plus [illegible] For retailers are now pr[illegible] to shop around for the ba[illegible]

Joint buying is one so[illegible] closing down unpro[illegible] depots another; and a th[illegible] drawing in new types [illegible] tailer. To-day caterers [illegible] probably bigger users of [illegible] and carries than grocers [illegible] with almost two thirds of [illegible] ing supplies still deli[illegible]

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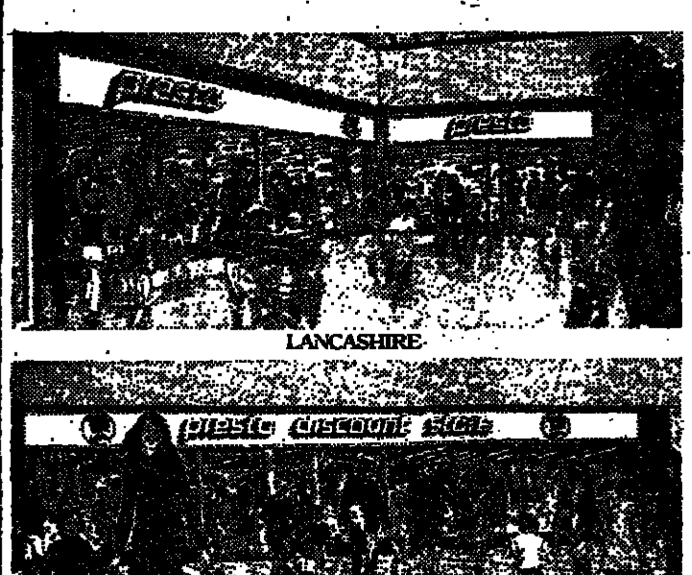
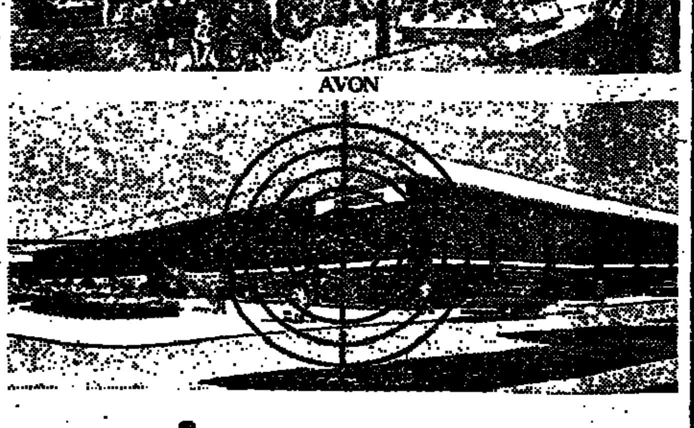


LANCASHIRE

ESSEX

SCOTLAND



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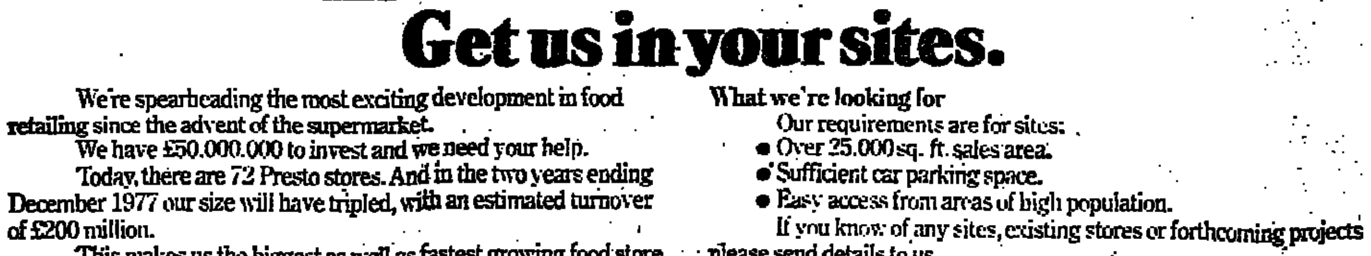

CHESHIRE

هكذا من الأصل

GROCERY DISTRIBUTION VII

The specialists move in

OF ALL the distribution vans travelling in the U.K. to-day, some 50 per cent. are less than half full, and most of them are being used for under one-third of the total hours available in the week. In other words Britain's national fleet of over half a million commercial vehicles could handle a volume increase of about a quarter without adding a single van—and failing the extra volume it should be cut by 25 per cent. That would save the country £1,500m. a year.

That at any rate was the diagnosis, some months ago, of Nicholas Barber, former managing director of Cory Distribution (he has now gone to the National Enterprise Board) and there is no reason to suppose that the situation has in any way improved. Clearly, all is not well in the distribution world.

On the other hand, somebody's misfortune is often likely to be turned to good account by somebody else's enterprise, innovation, and energy, and that is precisely what the distribution service companies have been busy doing over the past few years. 1974, the year of unhappy memory in which energy costs rocketed, gave them their big chance. Many companies in the food industry—retailers and suppliers alike—found themselves confronted by a situation of rapid and bewildering change, in distribution terms. By this time many of them had learnt to look on distribution in "global" terms—an approach which encompassed warehouse location and design, stock control, materials handling methods—as well as transport. The nightmare of increased transport costs was at the forefront of most companies' anxieties; people began to realise that if their warehouses were in the wrong location, their transport costs had gone up alarmingly. An increasing disproportion developed between rapidly rising transport costs and relatively more slowly rising warehouse costs, apart from building materials and labour.

Then entered the distribution service company, only too ready to take the burden of distribution away from distracted company management. Clearly, using a contractor enables a client to concentrate its capital and its management resources on its prime functional areas, such as manufacturing and marketing. Cory offered sound advice: "Companies should think very carefully," it said, "before they allocate scarce resources to complex areas where the outside specialist can do the job as well or better—always bearing in mind that only the physical operation is contracted out; the client retains control of policy."

A further factor operating in favour of the distribution service companies has been the pace of change in the retail sector itself—what John Harvey of SPD calls the market place. Historically, the base of SPD's business has been the grocery trade; by the mid- and late-1960s radical changes ... impact: making an enormous ... advertising and ... the growth of ... marketing led to the ... ation of much bigger ... ing companies; the number of production points was much reduced through rationalisation; the independent grocers declined in droves—or stood firm and formed voluntary groups; central warehousing developed; the rise of cash and carry eliminated many of the remaining smaller deliveries.

Structure

Had SPD kept the structure of its organisation unaltered, it would clearly have suffered. Instead, it took advantage of a changing situation. The move to larger drop sizes produced increasing efficiencies. The growth of multiple trading introduced many new product areas to the traditional grocery supermarket, and this offered new opportunities for SPD to develop expertise for delivering such things as liquor, textiles, motor accessories and hardware. Although the concentration of the retailer's buying power undoubtedly hit SPD's traditional base load on the one hand, the growing sophistication of business on the other hand, with the wider product range, the pressure on shelf space and tighter inventory control, all stimulated the market for effective and reliable distribution which either had to come from retailers' own systems, or from increased use of the service companies such as SPD and Cory.

One very positive response—certainly as far as SPD is concerned—is their search for new market sectors in which to apply their skills, concentrating on specific traffic groups where they could combine a high level of service with a variety of specialisation such as packaging, handling systems or equipment. They have moved into textiles and clothing, by taking a shareholding in Tibbett and Britten; more recently they have turned their attention to china and glass, and launched Carrycare. More relevant, as far as the grocery trade is concerned, is their establishment of Unicold, set up early last year as a result of the increasingly obvious split between the needs of the food industry generally and the frozen food business. The company has been jointly ... with Birds Eye (another Unilever subsidiary).

SPD, with some 40 depots occupying more than 1¾m. sq. ft., now sees itself as offering a "total physical distribution system" on the one hand, and dedication on the other hand to the special needs of a traffic or customer through specialisation and improvements in service, packaging, insurance, speed, or handling technology.

Some distribution service companies have built up special relationships with clients—Cory and Sainsbury is a case in point. They started discussing the arrangement as early as 1971—in effect Sainsbury were Cory's first client. Starting with Sainsbury's non-food lines, Cory have progressively taken on non-perishable food lines, then hardware, and then beers, wine and spirits. The comparison the Cory operation offers to Sainsbury's own in-house operation helps them to introduce a competitive element to keep down the costs of both types of distribution.

The distribution market is still highly competitive and there is undoubtedly substantial surplus capacity available within the industry, as Stewart Morrison of Associated Deliveries pointed out recently. But this situation has its own dangers, inasmuch as these competitive conditions have tempted some distributors to cut their charge rates in an effort to get or retain traffic. In Stewart Morrison's view, some of the rates which are now being quoted are insufficient to cover the replacement of wasting assets such as vans and fork lift trucks. "As an example," he said, "a van which cost £1,800 seven years ago, will cost £5,800 to replace to-day, and unless the additional capital is generated from profits the money will not be on hand to replace these vital assets as they become time-expired." He warned: "Distributors who are cutting their rates below the safety level will just not be in business two years from now."

Another glaring anomaly is that distribution is now possible normally only between 8.0 a.m. and about 3.30 p.m. each working day which, with ... for lunch hours, ... a total of ... hours a week ... no more ... Saturdays. Stewart ... Morrison describes this as "a woeful waste of time," bearing in mind also that the 35 out of 168 hours in the week are the busiest which could be selected. His assumption is that "Operation Moondrop" will have to be revived; and although the labour cost would be greater for working unsocial hours, asset utilisation would be greatly increased.

"Operation Moondrop" flickered briefly into existence in 1969; unlike some of the schemes in which suppliers and retailers are currently jointly engaged—such as caging and the application of UPC—in which retailers are regarded as the main beneficiaries, "Moondrop" was seen by the retailers to be something of a drag, while the suppliers benefited. It attracted only about half of the 200 retail outlets that had been estimated as a basis for economic operation—at the end Tesco was about the only company left. Manning the retail outlets during the night proved to be the greatest obstacle—and there seems no reason to think it would be any easier, or cheaper, in 1977.

Edward McFadyen
Editor, Retail and Distribution Management

Cash and carry CONTINUED FROM PREVIOUS PAGE

direct (and such a practice getting steadily less profitable) there is even more potential here. Other retailers likely to see the local cash and carry as their main source of supply are CTN's, hardware stores, and perhaps confectioners and chemists.

One problem with the decline in real growth is that it encourages some cash and carries to let in the public. An AGB survey suggested that 1.5 per cent. of consumers questioned claim to shop at such depots. It is hard to draw the line between the legitimate card holder who has a boarding house and the woman shopping on behalf of a consortium of friends, and when extra volume is needed it requires a tough depot manager to be scrupulous.

Indeed the whole legal position of the depots is rather in a limbo which accounts for the relatively few new planning applications going through. But as retail prices go higher and higher the Government can scarcely take a tough line on those depots which might eventually switch from trading with a declining number of retailers to opening up as a discount operation direct with the price conscious public.

If cash and carries face a more uncertain future the achievement of the wholesale industry in adapting to an entirely new way of business, and in persuading retailers to get into the habit of two or three weekly visits to the depots for stock is nothing short of miraculous. Traditional wholesalers delivering to the shops hardly exist except in remote rural areas and where specialist lines are concerned. Wholesalers now are flexible operators, joined together in large, often amorphous, groups, and often involved in other activities. In particular the voluntary groups are the major force in the cash and carry world.

This can lead to a conflict of interest. Should the voluntary groups concentrate on their group members, trying to increase the amount of goods that they take through direct deliveries, or should they try and get them to use the local cash and carry which is linked to the group? How much should the voluntary group-owned depots go out for custom from non-group retailers? Indecision in this area is one reason for the mass of names, and obscure links, between wholesaling and voluntary group organisations.

Antony Thorncroft

GROCERY DISTRIBUTION VIII

Techniques to woo the customer

THE PRINCIPAL protagonists in the grocery price war are retailers who aim to attract housewives into their stores with money saving offers. Most retail chains run promotional programmes in which a number of selected brands are offered at a special price for a limited period. In-store, price-related promotions dominate and other techniques are used by retailers to a lesser extent.

The number of competitions, for example, is declining. The displays that accompany contests are costly and time consuming to erect in-store, and retailers are becoming increasingly cynical about how well they motivate shoppers to buy the products with which they exclusive to their store.

Retailers much prefer straightforward price cutting—which represents a short term, tactical promotional weapon that boosts brand sales without the need for expensive displays.

Products featured in retailer promotional programmes are chosen as a result of negotiations between manufacturers and the retailer. Manufacturers provide up to 75 per cent. of the retailer's sales promotion and advertising budget. But, today, retailers are becoming increasingly independent of manufacturers' contributions and in many cases that percentage has declined dramatically recently. Some retailers now provide over 50 per cent. of the budget themselves.

This trend is perhaps a reflection of the conflict inherent in the relationship between retailers and manufacturers, which arises because of their differing interests. On one hand, the manufacturer is aiming to promote his product and gain prominent in-store display. While on the other hand the retailer is not interested in individual brands because he wants to promote his store as a whole and thereby increase consumer traffic. In an effort to achieve this, retailers are increasingly making their own decisions about which products will be featured in their promotional programmes, irrespective of the plans of manufacturers.

Retailers are rapidly becoming the dominant member of the partnership, and they call the tune about in-store promotion to a large extent. Manufacturers in reality have little choice but to co-operate.

Money saving offers represent 80 per cent. of all in-store promotions because retailers believe they must remain price competitive. Paradoxically, however, it appears that price reductions are now so numerous that housewives have become dissillusioned and confused. According to a survey by Harris International Marketing, awareness of cut price offers is low. When shoppers were interviewed outside a selection of retail outlets, only 43 per cent. could recall that there were any items on sale in the store at a special price, and only 21 per cent. had bought a special offer.

Likewise, recent research into housewives' shopping habits revealed that price was not the reason why housewives chose to shop in a particular store. "Prices in themselves do not seem to be sufficient to encourage housewives to move from one chain to another."

Creative

Keith Bantick, Joint Managing Director of sales promotion consultancy Promotional Campaigns, says that retailers' preoccupation with price has caused them to lose sight of the need to create interest for shoppers in their stores. To-day, he says, shopping is dull and boring because stores lack individuality—they are all price cutting instead of using creative promotions to motivate housewives. However, it seems that many retailers are recognising the problem, but are turning to media advertising rather than more creative promotion in an effort to establish their individuality. Indeed retailers have rapidly become some of the biggest media advertisers in the country.

International Stores, for example, has increased its media spending by 70 per cent. to £2m. between 1975-76 and 1976-77. The chain still maintains a fortnightly programme of price cuts featuring 20-25 brands, and now 18 of those products appear nationally on television every two weeks. This mix is designed to promote International's good quality, value-for-money image and increase awareness among consumers. Research into consumer attitudes showed that the store's strongest selling point was its special low prices on branded goods. So the theme of its current campaign, launched in October 1976, is "We only cut the best"—which emphasises that quality branded goods are low priced at International shops.

Conversely, Fine Fare emphasises the value-for-money of its own-label products. Instead of running a two week programme of money offers featuring 20 or 30 brands, Fine Fare maintains constant price cuts on a wider range of products, especially own brand. The store has worked hard to establish the reputation of offering a large number of high quality, low price goods. In 1976 Fine Fare spent £2.2m. in media advertising and in 1977 that figure will be £2.6m. Fine Fare's policy is also designed to avoid "cherry picking" whereby shoppers enter a number of different stores and buy only the goods on special offer. By promoting an image of all round value-for-money, low prices and quality own brand items, Fine Fare hopes to stimulate housewives to be loyal to its stores.

In 1976-77 Mace increased its sales by 17 per cent. as a result of an image building effort. It began with a consumer survey among 4,000 Mace outlets in 1976 which set out to define the Mace shopper and her needs. The research discovered that housewives wanted a convenient, local store which was geared to the needs of the neighbourhood. Each Mace store is therefore different in some way—depending on the services required by local shoppers. These services include convenient opening hours, extra departments like fresh foods, a post office and others, or a product range adapted to meet the special requirements of the community it serves.

Mace has switched its media advertising from the National Press to television in the belief that a national television campaign could develop its image. Dennis Tomlinson, Mace Marketing Director, believes that it is vital to do more than simply promote in-store. "You're just doing the same as every one else," he says. "It is important to be price competitive but that doesn't develop business—it simply maintains your position." Next Monday, for example, Mace is spending £150,000 to promote its own label goods in-store and supporting it with a national, four week television and radio campaign.

So, while retailers are increasingly advertising through the media, they still maintain a price-related promotional platform in-store from which to fight for a share of the housewife's diminishing purse.

Another part of store promotion is the offer of trading stamps. This technique has the advantage that it offers a discount on all goods in the store—not simply specially selected items. A survey published recently by the Economist Intelligence Unit states that stamps can give consumers a 2.5 per cent. discount on their shopping bill. Nearly three-quarters of the British population collect stamps, and the report concludes that "the majority believe in the value of stamps." Certainly retailers who give stamps maintain that the practice does encourage loyalty among shoppers.

It seems unlikely that we shall see the demise of trading stamps due to an increase in price promotion. In the stores that give stamps both techniques are used together successfully. However, there is a cloud on the horizon. Harmonisation of EEC laws relating to sales promotion activity could restrict the use of trading stamps. In several Common Market countries the practice is actually banned. However, the EIU report predicts that attempts to unify U.K. and EEC law governing stamps are unlikely to succeed and will therefore leave Britain free of severe restrictions.

Retailers promote on price to attract housewives into their stores. Yet recent evidence suggests that housewives are bewildered by money saving offers and are increasingly un- impressed by in-store price c[uts]. Although retailers h[ave] attempted to establish t[heir] individuality through m[edia] advertising, perhaps it is t[ime] they considered more crea[tive] sales promotion at the poin[t of] sale. This could have the ef[fect] of increasing store loyalty [by] making shopping more plea[sur]able for housewives.

Julia Pi[...]
Associate Ed[itor]
Marketing Maga[zine]

The food brokers

LAST MONTH 23 food brokers from all over Europe met together and formed the European Food Brokers' Association (EFBA). This is additional evidence that food broking is making another effort to erase any remaining doubts about its usefulness, and to establish itself as an important force in retailing.

In the U.S. 65 per cent. of all groceries is handled by brokers; in the U.K. not much more than £60m. of sales arrive in the stores through food brokers. But the business is expanding steadily, and the companies in EFBA which are British include Food Brokers, Jenks Brothers, McCaul Peabody, and Food Well.

As the cost of operating a sales force rises — to around £10,000 a year just to keep one man on the road—the attractions of using a food broker seem more apparent to British manufacturers, as well as to overseas companies attempting to break into the U.K. market.

Basically food brokers take over from a company the problem of marketing their merchandise. Acting either as agents, or actually taking title to the goods, they collect from the factory or the warehouse and handle the entire sales operation. The very involvement of food brokers with the affairs of their clients has perhaps caused some of the suspicion. It is asking a lot of a company to give up its own marketing department, eliminate its sales force and hand over its direct dealings with the retail trade to an independent operation.

There are the potential difficulties over promotion, over trade deals, over pricing, but such are the financial advantages of using a food broker that some of the leading packaged goods companies are placing brands into their care. For brokers claim to do the job as well, or better, at almost half the cost.

A typical instance of the kind of company that has recently approached a broker is Booker McConnell, which produces Pattersons shortbread, a line which is different from the rest of its range. The company found it expensive to sell this high quality product with its fairly limited sales appeal through its own marketing channels so it has handed the brands over to food brokers. Looking after lines which do not fit comfortably into a range is one of the specialities of brokers.

Another substantial source of business is looking after the British market for imported foreign lines. Food Brokers two biggest clients are Green Giant, the American canned vegetable manufacturer, and Ferrero, the Italian confectionery group which has Tic Tac as its main brand in the U.K. The other major force in British food broking, Jenks Brothers, works for equally large clients, such as Ralston Purina and Schwartz Spices.

In addition the brokers sell in important lines in their less popular sizes, or through their less significant outlets. For example, Food Brokers distributes all the non-returnable bottles of Coca-Cola, as well as handling Babycham and Kiwi polish in the grocery trade.

Finally, some food brokers specialise in the produce of certain countries — McCaul is an important distributor of Australian and American canned fruits and dried fruits, — or certain categories — Parrish and Fenn deals in delicatessan lines. As yet food brokers get most of their work from peripheral products; they rarely are entrusted with the top selling lines passing through major outlets, perhaps because of the trouble it will cause a company to dispense with its entire sales force.

Inflation

Thise is a pity because the main food brokers are now well-established companies. Food Brokers, run by Desmond Cracknell, has been in business for 15 years and handles more than £30m. of sales. Last year its throughput was 6.7m. cases, as against 5.4m. cases in 1975, showing that growth was not accounted for only by inflation. Food Brokers has 200 salesmen on the grocery side and a separate 36 dealing with confectionery outlets (they have just been appointed to carry the Fullers range).

Food Brokers charges a client 11 per cent. of the latter's factory selling price, plus delivery charges, with 7½ per cent. going towards selling and 3½ per cent. on administration. The administration charges are to cover the big investment in computers and head office staff; Cracknell reckons that he now has annual overhead costs of £2m. to meet before he starts to make a profit.

But profits there certainly are, and Food Brokers is now exploring the possibility of assisting any of its clients which want to attack the U.S. market, where at least they should encounter a more favourable response to the broking concept. However, Cracknell believes that the U.K. retail trade has overcome its suspicion of brokers and, in fact appreciates the simplicity they bring to marketing.

He instances the occasions when his key account salesman deals with Tesco — through one man the retail chain can plan its purchases in fourteen different product groups, with savings in time and worry.

Cracknell is taking more and more title to goods instead of acting as an agent. In the same way his biggest competitor among the food brokers, Jenks Brothers, is building up commission business. It is, for example, selling Kings Royal whisky for Teachers on commission. All told Jenks reckons to process over £18m. worth of sales this year.

The company is rather unusual in having merged in 1974 with a manufacturer, Patersons, which produces Camp Coffee, so that the Jenks force of seventy men sells in Camp as well as the brokered products. Camp has proved of great benefit to Jenks since it had well established distribution, and also been enjoying a b[oom] given the price of altern[ative] forms of coffee.

In the U.S. a food br[oker] reckons to handle over 40 li[nes]. At the moment British bro[kers] seldom carry more than 20; [they] are getting very di[scri]minating about the busi[ness] they undertake — there [are] many more lines offered t[han] accepted. At one time a c[om]pany might give a product [to a] broker to nurse up to be[...] and then pass it on to its [own] sales team; brokers now tr[y to] avoid such business. They want to concentrate on the [out]lets they know best rather t[han] be landed with difficult line[s in] unfamiliar territory.

Rising costs, especially [the] cost of keeping a salesma[n on] the road, are pushing things [the] way of food brokers. It is [sur]prising that given their pr[ofessional] success — they very rarely [lose] a client — they have not gr[own] more rapidly. It is not so m[uch] the cost of the service, or [the] acceptability with retailers [that] are now questioned but [the] psychological jump on the [part] of manufacturers to relinq[uish] their own sales teams and trust such a large part of t[heir] business to an outside fo[rce]. But economic circumstan[ces] might speed up such a cha[nge] and there is nothing in the [...] and successful record of [food] brokers to make comp[anies] suspicious of this effective [and] versatile form of marketing.

Antony Thorne[...]

هكذا من الاصل

POLITICS TO-DAY: NORTHERN IRELAND **BY DAVID WATT**

Hope for the centre

IT IS three years since I last came to Northern Ireland and in Ulster politics, as we have seen, three years can be an eternity enough to encompass more than 7,000 shootings, 3,000 bombing incidents, and the deaths of 550 civilians and nearly 150 soldiers and policemen.

The physical scars of this fearful period are only too visible. Blackened, gap-toothed shopfronts and houses yawn in every town and even when they do not the possible pointlessness of renovation has spread a pall of decay over large urban tracts of the Province. Even the barbed wire and camouflage nets that have stretched their jungle tendrils along the grimy walls are now beginning to have a sore, bedraggled look as if violence had severed them too at the stem.

As for the psychological scars —who knows? Life goes on, adapting itself to security checks and car searches and bangs in the night and the mind of everyone who is not a saint or a militant seems to have become anaesthetised to the impact of other people's disasters.

The IRA has been intelligent enough to vary its targets—for a few months shops and factories, then policemen, then members of the Ulster Defence Regiment, then more recently businessmen and now back to the security forces. And when this sinister spotlight hits on sensitive features it produces powerful reactions; but then it moves on. Is the effect of this alternating tension a cumulative one, and if so when will the accumulation become critical? We are still waiting to find out the answer to this fundamental question and to another that follows from it—namely whether the breaking point when it comes will start a new rush to the centre or the extremes.

The Peace Movement at its height last winter gave some promise of a surge to the centre. Other manifestations, like the Loyalist demonstration at Portadown last Tuesday are a constant reminder that the opposite movement is quiet as possible.

A sign

Perhaps it is for some clear sign that the politicians have been waiting. Seven years of almost ceaseless search for political compromise in Northern Ireland have been followed in the last 12 months by a period of complete political immobility—and indeed vacuum. When the constitutional convention finally collapsed in February last year the participants retired from the scene in varying degrees of bitterness, bewilderment and frustration. The tiny handful who were members of the Westminster Parliament have some kind of platform but no united influence to bring to bear on the British Government and no solid links with the Conservatives either.

Of the rest, the Unionists were hopelessly split between those who wanted to return to Stormont self-rule and those who wanted complete integration with the U.K. The Catholics were equally split between those who wanted to revert to more militant pressure for power-sharing and those who were content with direct rule from Westminster as the best available protection for their minority interests. The Unionist Centrists like Lord Faulkner and Mr. William Craig, and the Alliance Party which attempted to carve out a non-sectarian central position, saw in the convention's collapse the ultimate failure of their own logic.

The Westminster Government in the person first of Mr. Merlyn Rees and, for the last six months, Mr. Roy Mason, was left alone on the stage.

This solitary eminence is a situation of very great peril and exposure — the real extent of the peril being the main insight that one receives from going to Northern Ireland rather than surveying the scene from Westminster. In Belfast the dilemma is glaringly obvious. It is that if Mr. Mason makes a premature attempt to revive the politics of the Province in the hope of getting an agreed constitutional settlement, he opens Pandora's box again. If, on the other hand, he pursues his present deliberate policy of trying to keep down the temperature and simply makes direct rule as efficient and humane as he can without any political initiatives, he runs two other risks.

First, he may undermine the incentive of genuine moderates to seek a centrist solution. The level of violence, after all, has fallen quite sharply in the past four months.

The Northern Ireland economy is in a fearful state with unemployment at over 10 per cent. and a wide gap between average GDP per head of population in Northern Ireland and the rest of the U.K. But there is a fairly wide suspicion that Ulster (unlike Scotland) is likely to get better treatment at the hands of the Treasury under direct rule than under a devolved arrangement.

Again, the system by which direct rule is administered on the ground — namely a network of local functional boards appointed by the Government—is cumbersome and deliberately undemocratic but it has succeeded in its main object of preventing sectarian discrimination in sensitive areas like housing.

If such is the situation, why bother to exchange it for one in which the whole balance of the Province is thrown into doubt again? And yet if the pragmatists may be excessively contented with direct rule, are not the ideologists likely to be the opposite?

The Catholic Social and Democratic Labour Party, for instance, has very little function if it cannot prove its ability to produce results by directing Catholic demands into constitutional channels. Many observers fear that the party will look increasingly irrelevant this year and might even disintegrate next. On the Protestant side the same problem arises. If Mr. Harry West and the Official Unionist Party cannot show its supporters that progress towards the goal of a stable, terrorist-free Ulster depends to some extent upon them, why should anyone vote that way rather than for Mr. Ian Paisley and the militants of the Democratic Unionist Party?

Local elections

Given this strategic choice of trying to bang heads together (and risking tension, not to say universal obloquy) or standing aside (and letting the political structure crumble if it must) Mr. Mason's choice of the second alternative during his first six months has been understandable as the lesser evil. Yet there are a number of indications that this phase is now ending.

For one thing the local elections next month (to be conducted on a proportional representation basis) offer a chance to test the political climate and oblige the politicians to come out of their bunkers. The effect so far has not been altogether encouraging since Mr. Paisley, who has inevitably felt himself to have lost ground to his more moderate colleagues in the UUUC during the "vacuum" period, has obviously found it necessary to bang the extremist drum in order to avoid public humiliation. From the evidence of the past two or three weeks, enough of the old Orange guard are still prepared to answer the call to revive fears of Protestant strikes and a new outbreak of sectarian violence and to suggest that he will not suffer at the polls. On the other hand, to be more cheerful, the Alliance Party is making a strong run, and preliminary soundings suggest that it might conceivably achieve the breakthrough in credibility that has eluded it for so long.

Either way there is a strong incentive for the British Government to indicate rapidly that the prospects for advance in the centre are not completely blocked. The question is how to set about this without crashing immediately into all the old sectarian barriers. It may seem from a London point of view that the Government's offer of a Speaker's conference on the increase of Northern Ireland representation at Westminster (probably by another four seats) is part of this campaign. In Belfast, however, its real significance looks more obscure. Admittedly it might give the SDLP and Alliance another seat to aim for. But because the offer smacks of fuller integration with the U.K., it alarms crypto-Republicans on the Catholic side and also the many Protestants who regard it as a sop designed to distract from the real necessity—namely the return of a Stormont government with control over the forces of law and order.

Some rather similar difficulties threaten the approach which is currently regarded as the best runner. This is some effort or other to democratise local Government in the Province. One variation on this theme would provide that some seats on existing local Boards should be open to election. Another would provide for two or three regional councils. Another, more ambitious still, would mean the election of a single administrative council for the whole of Northern Ireland rather than on metropolitan district lines.

The problem for the Protestants about the last of these is the fact that the councils would not control security and would make the appearance of an assembly that did control security less likely. From the Catholic point of view it is virtually impossible to devise a committee structure on these councils which would not, in practice, mean the re-establishment of permanent Protestant dominance in many important sections of local life.

Attraction

There remains a possibility, which might have some immediate attraction to both sides, of setting up an Assembly which would be elected to advise and to some extent oversee the operation of direct rule, and which could be granted legislative and executive powers as and when the two communities could agree to share power. But whether such a "ghost" body would actually be much more than a shouting-shop for sectarian abuse seems pretty doubtful.

Over the whole scene, of course, hangs another kind of uncertainty—the doubt about the long-term British commitment to the Province. Neither Protestants nor Catholics appear to believe that direct rule can go on for ever, and in the three years since I was last in Belfast a lot more of them have learned to argue that if Britain refuses to impose a solution in their favour they might as well be independent.

At present they are wrong about the attitude of British politicians and they are not really frank about their own self interest. Nobody is yet ready, I should judge, either in London or Belfast, to risk a bloodbath. The question is whether, with a British threat to leave, enough are ready to take positive steps to make a bloodbath less likely. It seemed to me this week that the faintest hope to this effect was beginning to ruffle the face of the waters, but when I said as much to an Ulsterman sadder and wiser than I, he replied: "Like every other face in Northern Ireland, that one is likely to be deceptive."

Rev. Ian Paisley addresses a crowd outside Portadown court last Tuesday in support of five Ulster Service Corps members charged with setting up road blocks in border areas.

Letters to the Editor

Sterling and trade

From Mr. M. Barnato

Sir,—Mr. Mizrahi (April 18) shows the importance of choosing an appropriate base-date when using inflation differentials as a guide both to the projected value of sterling and to the competitiveness of British exports. In doing this he correctly casts doubt on the choice of early 1973 as a base by the Treasury in its Financial Statement since at $2.60 sterling was vastly overvalued. In choosing 1949 as the most appropriate date, however, he falls into a similar trap himself. In that year sterling was devalued by 30 per cent. from $4 to $2.80, and studies made at the time show that this left the dollar overvalued by some 30 per cent. against sterling in terms of its purchasing power. It is, of course, surveys of purchasing power that should tell us what the appropriate base exchange rate should be and not whether (as Mr. Mizrahi suggests) the level of the dollar premium (a narrow market) nor "reasonably sound balance of payments positions" (at what rate of growth of GNP, etc.?).

Assessment of the U.K.'s competitive position is becoming a very competitive area for economists all seeking to somewhat differentiate their product from their rivals—somewhat similar to the waves of fashion in economic ideas which seem to sweep through the economics establishment.

This is not surprising when the choice of a base date is large. In addition, there is no special reason to choose the retail price index as the indicator of inflation differentials and just as strong a case could be made for using the GNP deflator. Alternatively the export prices of manufactured goods, export prices in general or unit labour costs could, and have, been used.

Forecasts based upon inflation differentials if calculated on an appropriate purchasing power base do provide a useful guide to the evolution of medium-term exchange rates. But their effect is likely to be offset on occasion by shorter-term factors both of a confidence/political nature and of a "fundamental nature," for example, capital flows, receipts of "invisibles." Also non-price factors such as delivery dates, quality, supply shortages, etc., are important. (It may be that because perceived quality of U.K. exports is so low that British goods need to be sold cheaply.) In addition, profits are critical.

The "benefits" of depreciation of the exchange rate can be taken in more sales or in more profit per unit of sales (by exporters keeping their dollar prices constant while sterling depreciates). The latter has clearly been the choice of U.K. exporters and the competitive factor is not price so much as greater stimulus on the supply side for exporters because of greater profit margins.

The causation of the competitiveness argument over the short term is ambiguous since it mixes up "ex ante" and "ex post." In other words, does a sterling depreciation lead to higher U.K. inflation or does more rapid U.K. inflation lead to greater sterling depreciation?

Michael Barnato.
Flat 1,
10, Abbey Gardens,
St. John's Wood, N.W.8.

Valuing works of art

From Mr. G. Levy.

Sir,—Mr. Hugh Leggatt rightly points out (April 21) "the extreme difficulty of putting a value on major works of art" for capital gains tax purposes. Indeed the arbitrary nature of such valuations dating back to 1965, which at best can only be guess-work, must surely be further complicated by many of to-day's valuers of antiques and works of art, who, however conscientious, were then mere schoolchildren. The same must apply to this generation of Inland Revenue officials in this department. Could someone please enlighten us?

George J. Levy.
H. Blairman and Sons.
119, Mount Street, W.1.

Put a tax on caravans

From Mr. I. Bruce.

Sir,—I fervently endorse your correspondent's long-overdue recommendation that caravans should be taxed. It is illogical and unfair that they should contribute nothing to compensate for the congestion they cause or for the landscapes they uglify.

A discriminatory tax, based on their colour rather than their size or weight, could reduce their pollution potential significantly, while helping to balance the Budget. Why not a £100 p.a. tax on those willing and able to pay for the privilege of offending their neighbours by flaunting obtrusive white or yellow blobs in areas of natural beauty, and only £10 for caravanners with the good taste and good manners to have their homes-from-home painted in greens, greys or browns harmonising with the environments they, and others, hope to enjoy? Fully camouflaged 'vans should be tax free! The Forestry Commission sets an admirable example in making its mobile homes unobtrusive.

Ian Bruce.
The Manor House,
Middle Green,
Langley, Bucks.

Burdens not reduced

From Mr. F. Stark.

Sir,—I have no axe to grind regarding taxation or not of caravans, but it amazes me that anyone can suggest the addition of a new tax will alleviate the burden on the payers of an existing tax. It never does anything of the kind.

A large lump of any new tax will be expended on the new army of bureaucrats needed to administer it, the rest of it will probably be wasted by Government. A new tax will only alleviate burdens if it replaces an existing tax.

F. Stark.
"Highlands,"
176, Southend Road,
Wickford, Essex.

The baiting season

From Mr. A. Simons

Sir,—I see from Mr. Rowe's letter (April 20) that the caravan owner baiting season has started earlier than usual. Generally it comes in with the cuckoo.

I have no doubt that Mr. Rowe had his tongue in his cheek when he suggested a £50 tax for caravans. To take it seriously for a minute. It should be pointed out that most caravans are probably used for only about 30 days in the year, and are actually on the road for only something between ten and 20 days (I have no statistics with me but am basing this upon my own and my friends' experiences).

The implication in his second paragraph that caravan owners are all plutocrats is of course nonsense. Most are driven to this form of holiday in the first place by the high price of hotel accommodation. Having started, one soon finds that the joys of caravanning are such that one is certainly prepared to pay for them, and in fact one does just that. Towing a 'van makes a car use up a great deal more petrol than using it normally, and therefore one pays a lot more tax. Moreover the more one tows, and the bigger and heavier one's 'van the more tax one pays. I am sure that this extra tax more than pays for the very short periods that one's 'van occupies the roadways.

I hope Mr. Rowe enjoys his summer holiday. Neither I, nor any caravan owner, wish him to be taxed more than he is already. May I suggest that he adopts the same tolerant attitude?

A. E. Simons.
47 Heath Drive,
Potters Bar, Herts.

Holidays on wheels

From Mr. P. Yeo.

Sir,—I read with interest Mr. Rowe's letter (April 20) suggesting caravans should be taxed. It seems to have escaped his attention that there is a 12½ per cent. VAT (25 per cent. until recently) on caravans, also the recent increase in petrol has hit caravanners hard since their consumption of fuel increases by 25 per cent. when towing.

People who own caravans cover a wide cross-section of the public, many are those with large families who could not otherwise afford a holiday, and retired people who simply did not have the time or money when working to visit many places in the U.K. or Europe.

There is much evidence to suggest that the majority of caravanners do not cause congestion on the roads, but lorries and week-end drivers out for an afternoon ride.

Peter Yeo.
Fallowfield Dene
Caravan Club Site,
Acomb, Hexham,
Northumberland.

Courteous road users

From Mr. L. Cleminson.

Sir,—How attractive it always seems to advocate a tax on someone else! Your correspondent, Mr. Rowe (April 20), extends this advocacy to caravans.

There are three points which he may well have overlooked: the very short time caravans individually are used on the road; their relative lightness and the consequent lack of any wear and tear to roads caused by them; and they do, in fact, contribute fairly heavily to tax. The additional petrol consumed by the average car towing a caravan is in the nature of 25 to 35 per cent. and bears the exceptionally high fuel tax!

Quite apart from this, caravanners, in the main, are some of the most considerate and courteous road users.

L. P. Cleminson.
"Field Cottage,"
St. Leonards,
Tring, Herts.

Energy in the U.S.

From Mr. M. Swiss.

Sir, — The new U.S. President has now told his country that they are prone to waste energy. This tendency, he is reported as saying, may in a very short time hurt not only the U.S. but also the other industrial nations.

It would be difficult not to agree, and saving energy is, without doubt, an important factor in extending the availability of the world's oil and gas reserves. As for the need to discover "another Texas" every year to compensate for such waste, it should be realised that the U.S. has several "other Texases" to turn to if she takes matters seriously.

First, the U.S. might make a more determined effort to seek oil and gas reserves off her Atlantic and Pacific coast. Second, she could "put her toe in the water" off the coast of Northern Alaska. Third, since producible reserves of crude of any oilfield amount to something like 30-35 per cent. of the oil in place, it would be enough to raise this figure by 1 per cent. to create, effectively, "another Texas."

America could give the world a lead as easily as she gave a lead in travel to the Moon. If a technological effort of the magnitude equal to that expended on space travel was made over, say, the next ten years, secondary and tertiary recovery would yield enough oil to meet the needs not only of the industrialised but also of the developing nations. The danger of shortage of energy should be a wonderful help to concentrate the collective mind of America.

M. Swiss.
Europetrin Surveys.
34, Meadow Way, Wembley,
Middlesex.

Travel by rail

From Mr. G. Hafter.

Sir,— One does not expect the Financial Times to draw misleading inferences from statistics, and I was surprised therefore to see in "Men and Matters" by Observer (April 15), the statement that rail services "have declined in quantity by just about 50 per cent. in 20 years."

What has declined by that amount is the route mileage open for passenger traffic, which has gone down from 19,150 to 8,930 over the 20 years from the end of 1954 to the end of 1974, a reduction of 53 per cent. But during the same period the passenger journeys made fell only from 1.02bn. to 733m., a reduction of 28 per cent., and most of these must have been very short, or else the remaining journeys have lengthened considerably, since passenger miles have gone down only from 20.7bn. to 19.2bn., a reduction of just over 7 per cent.

Since more than 90 per cent. of the former passenger miles are still being operated, the services offered can hardly have fallen by 50 per cent., or else the passengers would be monstrously squashed together in the remaining trains that were running, which, quite clearly, they are not. Put another way, it merely shows how little traffic there was over the 50 odd per cent. of the lines which have been closed, and how the lines that remain open are generating more passenger miles per mile of track than they were before.

G. H. Hafter.
49, Church Street, Old Isleworth,
Middlesex.

Price freeze veto

From Mr. J. Christmas.

Sir,—Was not the incomes policy introduced as a means of controlling inflation—stabilising prices? If Mr. Jones and the TUC feel unable to support the means but will the end should not this be welcomed and an open debate held to examine the implications?

A price freeze would eliminate wage claims due to increased living costs. Hence, improved productivity should be the only basis for increasing wages and salaries. The market sector would absorb increased productivity by increasing sales, especially exports where prices are not frozen, to maintain profits. This would be easier without inflation and Mr. Hattersley's assumption that there would be more bankruptcies may well be without foundation.

The policy would force employers and employees into true participation. If the cost of imported raw materials increased, they would have to be used more effectively, alternatives sought, or in extreme cases, the costs covered by part of the increase in labour productivity.

It is the public sector where increased productivity might have to be absorbed by a transfer of employees into the private sector. This would contribute to correcting the balance of our economic structure.

Increased volume of business would progressively reduce unemployment. Expansionist pressures would soon improve exchange rates and thus reduce the Sterling cost of imported raw materials. It would appear that many declared objectives could be met by honest participation in the implementation of a whole hearted price freeze.

Why then do the Government and Mr. Hattersley so eagerly dismiss the proposal? Could it be that their Civil Service advisors would be the first to face the prospect of no salary increase without a reduction in their numbers?

J. F. Christmas.
10 Madison Avenue,
Cheadle Hulme,
Cheshire.

Explain profits clearly

From Mr. L. Stafford

Sir,—Over many years you have published useful financial yardsticks indicating the investment quality of companies, such as p/e ratios, dividend yields, dividend cover and asset backings, etc., and it is to be hoped this will continue.

Unfortunately the sometimes over sensational phrasing used in describing company gross profits, without reference to real profitability expressed as after tax net percentage return on overall capital employed, fails to put the profit situation in proper perspective, and adversely affects wage negotiating and understandings at shop floor levels. Recent publicity given to the £60m. gross profit claimed by British Leyland is a case in point, and will not influence the moderation of wage increase demands.

There is an urgent need for gross profit figures to be accompanied by figures expressing profitability in real terms, as a percentage of after tax return on capital employed, and for this practice to be extended to include the nationalised industries' performance. Net real profitability on capital employed in the nationalised, fuel, steel and postal industries would be illuminating, and bring home to the public and workers, the realisation that the expectations of automatic annual wage increases in loss-making and low profitability industries are unjustified, and contributing to inflation, the effects of which bear more heavily on the small fixed income and low income groups.

There is a requirement for after tax profitability expressed in a percentage on overall capital employed to become as fashionable as the phrase "take home pay." This might help those union leaders who repeatedly cry out for more investment in industry, to better appreciate the lack of incentives for investment, and understand the basic facts of life in the industrialised world.

L. J. Stafford,
38 Haywards Close,
Felpham, Bognor Regis.

To-day's Events

GENERAL

Mr. Anthony Wedgwood Benn, Energy Secretary, speaks on last day of Scottish TUC conference, Rothesay.

Three-day Bilderberg Meetings open, Torquay.

European Human Rights Court ends four-day hearing, Strasbourg, of allegations by Ireland that British security forces used torture in Ulster during 1971.

European Parliament ends current session, Strasbourg (until May 9).

Lord Thomson ends first stage of tour as Prime Minister's special envoy in preparation for forthcoming Commonwealth Conference in London.

Anglo-U.S. air agreement talks continue, Washington.

Negotiations continue for new international sugar agreement, Geneva.

National Union of Journalists' conference ends, Ilkley, West Yorkshire.

Sir Robin Gillett, Lord Mayor of London, attends Association of Dunkirk Little Ships' dinner, Guildhall, EC2.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

New vehicle registrations (March). Net acquisition of financial assets, analysis by sector; and financial accounts of industrial and commercial companies (fourth quarter).

COMPANY MEETINGS

Alexanders Holdings, Glasgow, 12. BSR, Savoy Hotel, WC, 11. Carliol Investment Trust, Newcastle-upon-Tyne, 12.15. Inveresk Group, Connaught Rooms, WC, 12. Jourdan (Thomas), Kent House, SE, 12. Tyneside Investment Trust, Newcastle-upon-Tyne, 12.20. Turner Shoes, Leicester, 12. Woolworth (F. W.), Connaught Rooms, WC, 11.45.

MUSIC

St. Stephen, Walbrook, EC4: Organ recital by Peter Lea-Cox, 12.30 pm.

SPORT

Equestrian: Badminton Horse Trials. Tennis: Norwich tournament. Squash: European Team Championships, Sheffield.

COMPANY NEWS + COMMENT

Richardsons Westgarth turns in £2.37m.

PROFIT BEFORE tax of engineers Richardsons, Westgarth and Company was £2.37m. for 1976 after £0.66m. at halfway.

For the nine months to end December, 1975 the figure was £1.35m.—three months earlier profit amounted to £0.75m.

In October last year the directors forecast that profit at the year-end would be similar to the annual equivalent of the previous nine months, assuming vesting of the marine engineering subsidiary and shiprepairing subsidiary, did not occur until early 1977.

Stated earnings per 50p share are 9.2p (5.8p)—a final dividend of 3.056p raises the total from 2.8p to 4.115p net, the maximum allowed.

	Nine months 1976 £	1975 £
Turnover	44,900,000	25,200,000
Depreciation	659,264	464,939
Interest payable	232,519	177,564
Profit before tax	2,370,124	1,353,040
Taxation	1,160,652	606,165
Net profit	1,209,442	746,875
Minorities	39,108	4,867
Attributable	1,170,334	742,008
Dividends	523,738	357,152
Forward	646,596	384,856

● comment

Profits at Richardsons Westgarth were 31 per cent. above the half-time forecast of £1.8m. due to substantially better performance from the engineering services division and a turnround in the second-half fortunes of stockholding. Engineering manufacturing remained flat but this division contains George Clark, the marine engineering subsidiary which is to be nationalised on July 1. The Humber Graving Dock, as a ship repairing firm, will not now be nationalised and in any case half its turnover comes from maintenance work for local refineries. The rump of the manufacturing side is showing full order books for heavy commercial gears, though transmission orders are poor. So although George Clark will take a quarter of the group's turnover with it when it is nationalised, the group's future earnings should be much less affected. This should take the brake off the shares which yesterday rose 2½p to 47p where the p/e is 4.8. The dividend, which is twice covered, yields 14.4 per cent.

INDEX TO COMPANY HIGHLIGHTS

Catalin depressed by £110,000

A rally in the second half of 1976, leaving taxable profit almost steady at £158,523 against £162,774, was achieved by industrial resins and resin treated papers maker Catalin. The full-time figure was down £110,251 at £232,523 on sales up from £5.19m. to £5.96m.

At half-time, when profit had slumped to £74,000 (£180,000) the directors said the main reasons were lack of growth in real volume and a large increase in costs.

For the year stated earnings per 25p share were down at 6.6p (9.2p) and a net final dividend of 2.1013p lifts the total to 2.6825 (2.4386p).

Harold Perry advance

FORD main dealers, Harold Perry Motors maintained the headway achieved at midway and finished 1976 with profits of £1.58m. before tax, compared with £1.31m. Sales were well up at £51.64m. against £36.22m.

The directors say that with a good order book and the competitive strength of the range of products the company sells, they expect 1977 to be a better year than 1976, and that the company and Ford will increase their share of the new vehicle business available. First quarter results for the current year are ahead from £0.42m. to £0.61m.

The directors add that 1976 was a year in which overall profit margins fell significantly, arising from the large increase in turnover by activities trading competitively at lower gross profits, notably car sales to fleet owners and petrol sales. New car sales were 49 per cent. higher but new commercial vehicles sales were down 9 per cent.

The high costs of building the company's biggest ever expansion project at Borehamwood, which started trading in November, are included in the results.

Earnings per 25p share are 16.3p (13.2p) and the dividend is stepped up to 4.86p (4.4240625p) with a net final of 2.65p.

	1976 £	1975 £
Group sales	51,640,907	36,215,230
Profit before tax	1,377,670	1,308,184
Deferred tax	544,214	714,671
Net profit	731,456	593,543
Surplus on disposal of prop.	76,330	—
Making	808,506	593,543
Int. div.	98,362	90,411
Final div.	119,144	108,495
To reserves	391,300	384,627

● comment

An exceptionally good year for new car sales has lifted Perry's profits by a fifth. New car sales were up by 49 per cent. against 25 per cent. for Ford generally, reflecting Perry's concentration on the very active fleet business. Out of total profits, new cars increased their contribution from 30 to 37 per cent last year. Leasing has also been fast expanding and thanks to the 100 per cent. first year depreciation allowance the full amount of Perry's 1976 tax charge is deferred to bring total deferred tax up to £2m.—equal to over a third of shareholders' funds. Current year profits are still going strong—up 45 per cent. in the first quarter—and new car sales remain buoyant despite the shortage of supply which is underlined by the 2 per cent. increase in Ford registrations as a whole in the first three months. Commercial vehicle sales are also recovering—up 9 per cent. in the first quarter. Overall 1977 looks promising, the fleet buyers are still catching up on the purchases deferred back in 1975 and it is not too much to expect profits to reach £2m. this year. That drops the p/e at 81p from 4.8 to 3.7 prospective, while the yield is 9.5 per cent.

Alginate rises to £2.98m.

AFTER a midway advance from £0.8m. to £1.19m. Alginate Industries, alginate products manufacturer, achieved record profits of £2.98m. against £1.65m. on turnover increased from £10.15m. to £13.52m for 1976.

The directors state that on the basis that results for the first quarter of 1977 show an improvement, profit for the full year should show a further increase.

Stated earnings per 25p share are 26.1p (14.32p) and the dividend is maintained at 12.5p with an unchanged final of 8.5p net. The amount waived came to £7,000 (£2,000). The directors have decided to hold the dividend at the same level, in order to provide for further expansion.

Net profit is £1.46m. (£0.81m.) after tax of £1.52m. (£0.85m.).

● comment

It is hard to understand why Alginate has not increased its dividends for the second year running. A 10 per cent increase would cost the company £67,500 after waivers, or less than a tenth of retentions. This looks meagre against planned capital expenditure of £3.4m. to expand factory capacity which is currently at full utilisation. This expansion could put pressure on gearing—in the last accounts an overdraft of £1.5m. compared with net worth of £4.5m. Even with Government grants and cash flow, borrowing will probably increase. On the trading front, overseas markets again moved ahead, so that second-half profits were about 8 per cent. higher than profits for the whole of 1975. The shares have risen by nearly half since October but at 263p the yield is 7¼ per cent., covered 2.1 times.

Martonair record in prospect

FIRST-HALF pre-tax profit of pneumatic control equipment manufacturers, Martonair International, rose from £0.82m. to £1.41m. and the directors expect record results for the full year to July 31, 1977.

The net interim dividend is lifted from 1.443p to 1.587p.—last year's total was 3.367p from profits of £2.19m. A record level was reached in 1974-75 with £2.88m.

The directors report that the improved trend of incoming orders which began in the second half of 1975-76, has continued strongly, resulting in substantial increases in turnover and profit. The Dutch subsidiary recovered well and is producing satisfactory profit, but in France, despite some increase in sales volume, further losses have been incurred partly as a result of the French policy of price control.

	Half year 1976-77 £000	1975-76 £000
Turnover	11,955	8,733
Pre-tax profit	1,405	815
Tax	815	412
Minorities loss	72	10
Retained	454	265

● comment

Martonair's 72 per cent. increase in profits at the interim stage suggests £3m. is within easy reach for the full year, news which lifted the shares 4p to 118p yesterday. Overseas sales have been maintained at around three-quarters of the higher turnover, so home sales have obviously improved well, probably through increased market share. Another big factor has been the turnround in Holland to half time profits of £150,000 against a £50,000 loss in the comparable period, but losses (running at around £100,000 for the six months) in France are likely to be repeated in the second half. This period, however, should receive a boost from the first sales of the new European standard cylinders. The low prospective yield of 4.9 per cent. will probably hold back the shares which stand at 7.9 times prospective earnings.

STONE-PLATT

The directors of Stone-Platt Industries say that should the rate of ACT be confirmed at 34 67ths they will pay a further dividend of 0.0409p per 25p share for 1976 in addition to the 3.2353p already declared. This extra payment would be made at the same time as the 1977 interim.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Albany Trust§	1	May 9	0.9	1.55	1.4
Alginate Inds.	8.5	July 1	8.5	12.5	12.5
Blantyre Tea	23.0‡	July 1	15.27	23.0	15.27
A. Caird	7.43	May 31	6.76	7.43	6.76
Catalin	2.1	June 10	1.91	2.68	2.44
Change Wares int.	0.4	May 13	0.88	—	3.05
Dunlop Holdings	2.6	—	1.93	4.55	3.38
Ferry Pickering† int.	1.24	May 20	1.13	—	2.51
Andrew Findlay	1.05	June 16	1.05	1.7	1.55
Gen. Scottish Trust	2.0	July 6	1.7	3.0	2.7
GHP	5.04	July 4	4.86	8.04	7.31
Holyrood Rubber	19.81	June 15	18	24.33	22.12
Hongkong (Selangor)	4.21‖	June 22	1.46	4.55	1.63
Horizon Midlands	2.02	May 21	1.84	2.84	2.58
Kalamazoo int.	0.83	May 23	0.72	—	1.78
Leslie and Godwin	2.9	May 31	2.53	4.06	3.7
London & Holyrood Trust	2.2	July 22	2.0	3.2	2.7
London & Provincial Trust	2.0	July 22	1.9	3.0	2.8
T. Marshall	1.23	June 1	1.03	2.23	2.03
Martonair int.	1.59	May 19	1.44	—	3.37
Medminster 2nd int.	0.4	May 19	Nil	0.8	Nil
Mendip Invest. int.	2.0‡	May 27	0.65	2.55‡	1.05
Milford Docks	2.68‖	—	1.63	2.68	1.63
Moorhouse and Brook	3.71	June 16	3.31	4.38	3.98
Pengkalen int.	1	July 4	1	—	7.5
H. Perry	2.65	July 1	2.41	4.86	4.42
Purbeck Group	1.75	—	1.59	3.48	3.17
Reed and Smith	1.09	June 3	0.5	2.09	1.0
Richardsons Westgarth	3.06	July 1	1.73	4.12	2.8¶
Root Harvesters	1.08	July 1	0.99	1.83	1.67
Scottish Mortgage	2.1	June 23	1.7	3.0	2.4
Viking Resources Trust	0.9	July 1	0.75	0.9	0.75
Waring and Gillow int.	1.05	May 24	0.96	—	3.18
Wilson (Connolly)	1.12	July 2	1.03	2.23	2.08

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Corrected. § Gross throughout. ¶ For nine months. ‖ Subject to Treasury consent.

Leslie & Godwin £0.87m. U.S. provisions

PRE-TAX profits of Leslie and Godwin, the international insurance broking group, were reduced last year by £868,000 worth of "abnormal expenses" related to the bankruptcy of Pritchard and Baird Incorporated, the North American insurance broking group.

Pre-tax profits, after these items, emerged at £4,070,000, compared with £3,456,000 in 1975.

The £868,000 is an amount that is expected to discharge completely Leslie and Godwin's commitment related to the failure of the American group. The accounts last year contained a provision of £481,000, which has now been superseded by the latest figure. No account has been taken of any amounts that may subsequently be recoverable.

The directors state that had it not been for this occurrence the earnings per share of the group would have been 11.54p compared with 9.41p for 1975.

Mr Lucien Wigdor, the deputy chairman, told a Press conference yesterday that the company was continuing to build on other contacts in the United States.

Mr. Wigdor also said that certain charges within Leslie and Godwin had increased the involvement of personnel with a benefit to the return from brokerage income and that he was confident about current year prospects.

Stated earnings per 10p share were 9.415952p (8.477919p) and a net final dividend of 2.897938p lifts the total to 4.064604p (3.695096p).

Reference to a contingent liability, following the collapse of Pritchard and Baird in the U.S., was made in last year's accounts. Where possible the directors have already made related payments and provision for the remainder.

The directors state that it has been agreed to acquire the entire issued share capital of J. W. McLellan and Company, for £50,000 cash. They also announce that 18 per cent. of the issued share capital of Iniziative E Partecipazioni Assicurative Bruno Sforni, insurance brokers in Milan, was acquired for £260,000 cash of which £155,000 has been paid. The balance is payable by the end of April, 1977.

● comment

A 29 per cent. increase in Leslie and Godwin's profits is right in line with market estimates but the extent of the abnormal item was not anticipated. This write-off relates to the collapse of the American broker Pritchard and Baird—the last accounts showed a contingent liability of £481,000. Events have proved that figure insufficient so L. and G. has written-off the whole amount—£868,000—to this year and brought back the 1975 contingent liability below the line as a £222,000 net credit. As for the figures themselves, brokerage income was up, there was a cut-back in expenses after the move to Farnborough, investment income (£1.6m. in 1975) also rose, and there was of course the extra bonus to profits from sterling's weakness. For this year L and G see the U.S. business in London continuing to increase, while profits from North America should recover after the reforging of links with local brokers, and the pension side looks set for a busy period. At 94p the yield is one of the best in the sector at 6.8 per cent. and the p/e is an undemanding 9.7.

£1.15m. so far at Kalamazoo

FOR the six months to January 28, 1977 pre-tax profit of Kalamazoo rose by 62 per cent. to £1.15m. compared with £0.71m. Profit is before charging the Kalamazoo Workers Alliance bonus.

Sales improved by £0.93m. to £8.19m. and the profit/sales ratio increased to 14 per cent. (9.7 per cent.).

The directors forecast a solid improvement for the full year on the £2.13m. for 1975/76.

They add that the company's trade in the U.K. has strong seasonal influences and unless changes in legislation, like decimalisation, cause a temporary alteration to the cycle, the second half results are normally better than the first half, and that all the indications point to a much better latter half.

The group's exports are recovering and it is continuing to explore new overseas markets for its wide range of products, they remark.

The interim dividend per 10p share is raised to 0.825p (0.715p) absorbing £166,820. Last year's total was 1.733424p.

Some 20 per cent. of the increase in profit was contributed by the computer services division.

Profit before tax and the KWA bonus was struck after depreciation of £418,000 (£412,000).

Reed & Smith betters forecast with £0.35m.

Reed and Smith Holdings, the Bristol-based paper-making, merchanting and advertising group, announced a turnround in trading for 1976. Profit before tax totalled £357,787 compared with the forecast of "approaching £300,000" and with a loss of £219,861 for 1975.

The directors report that the installation of new machinery at the Wansbrough mill is proceeding satisfactorily. Machine start is scheduled for August with full efficiency planned for early 1978. Over £2m. is being invested in capital projects by the group in 1977.

It is hoped that, if all goes according to plan at Wansbrough, 1977 will show an improvement over the previous year leading to a material upturn in 1978.

Stated earnings per 50p share are 6.2p before extraordinary items, compared with a loss of 2.9p. Full provision for deferred tax would have reduced earnings to 3.3p.

The final dividend is 1.08875p which raises the total from 1p to 2.08875p net.

Reserves amounting to £408,000 have been capitalised on issue of shares to National Enterprise Board as part of the financing arrangements for the installation of a new papermaking machine at the Watchet mill.

Mr. David Harrison, the chairman, says that the long awaited trend of a general improvement in business activity has yet to materialise. Meantime, Continental and Scandinavian producers are trying to retain and indeed improve their shares of the U.K. market by selling at prices below the cost of production. With the lower number of expected housing starts, the current year, the chairman says, is likely to be less buoyant.

As reported on April 14 net profit for 1976 was £521,000 against £448,000 and the dividend per 25p share is increased to 1.96625p (1.7875p).

At December 31 total assets were £187.92m. (£161.59m.). Loans, advances, trade debtors and other accounts amounted to £61.93m. (£43m.). Current and deposit accounts, trade creditors and other accounts, including a provision for taxation on profits and inner reserves came to £129.87m. (£102.73m.).

Contracts for capital expenditure not provided for amount to £3.02m. (£3.95m.) and authorised but not contracted for was £0.54m. (£0.18m.).

On March 31, 1977, Hongkong and Shanghai Banking Corporation held 40 per cent. of the Ordinary. Meeting, Winchester House, E.C., May 20 at noon.

Statement, Page 34

Ferry Pickering up midway

PRE-TAX profit of Ferry Pickering Group for the six months to December 31, 1976 rose from £235,000 to £335,000 on turnover

ISSUE NEWS

Hepworth Ceramic £11½m. cash call

Hepworth Ceramic Holdings is proposing to raise £11.47m. by a rights issue and raise its dividend by 53 per cent. in the current year.

The issue is on the basis of one new Ordinary 25p for every four held at 47p each. In the market the shares closed 4½p higher at 61½p which indicates an ex-rights prospective p/e of 8½ per cent.

Although the company currently has net liquid resources these would be more than absorbed in the event of a strong upturn in trading levels. It is the group's intention to modernise and expand its manufacturing capacity over the next three years at a cost of approximately £50m. and so the funds raised will go towards this expansion.

The new shares will not rank for the final dividend declared in respect of 1976. However the directors intend to recommend dividends totalling 3.25p per share for the current year (5p gross) which represents a 53 per cent. increase over the 2.12839p declared in respect of 1976. The Treasury has given its consent for such an increase.

The rights issue is also being offered to holders of the convertible stock in the proportion of 137 new shares for every £200 nominal of stock.

In 1976 Hepworth Ceramic produced record pre-tax profits of £18.85m. compared with £12.88m. for 1975. For the current year the directors are not making a forecast but they do reveal that sales for the first three months of 1977 are at a higher level than for the corresponding period of 1976.

The balance sheet as at December 31, 1976, shows net cash of £10.1m. against £4.8m. a year before and loan capital indebtedness down from £18m. £17.3m. The latter includes maturing within the next months of £3.2m.

An egm is called for May immediately after the agm consider a resolution to incr the authorised capital from £ to £40m.

The issue has been un written by J. Henry Schr Wagg and brokers to the issue Sheppards and Chase.

See Lex

BRISTOL OFFER ATTRACTS £10M.

The offer for sale by te of £5m. of 8½ per cent. Redeem Preference stock, 1982, by Bristol Waterworks Comp attracted applications £10,119,700 of stock.

The lowest price to rec partial allotment was £100.28 the average price obtained £100.92. Dealings start to-day

Brokers to the issue Seymour Pierce and Hoare Go

FARMERS LOAN

The Agricultural Mortgage poration has issued £1m. of per cent. Bonds, April 25, at par. Dealings start to-da

Interest on the bonds will payable half yearly on Octobe and April 22 except that the interest payment (less amounting to £6.1622 per will be made on the repaym date of April 25, 1980.

The bonds are registered transferable in multiples of £1 free of stamp duty. Brokers Mullens and Co.

Record at Horizon Midlands

Air Holiday operators Horizon Midlands improved taxable profit by £322,084 to a record £1,374,028 on sales up from £14.33m. to £16.95m. in the year ended November 30, 1976. At halfway, when there was a profit of £30,597 against £26,980, the directors said the coming winter bookings were down but forecast a successful 1977.

Stated earnings per 5p share were better at 14.62p (11.28p) and a net final dividend of 2.02128p lifts the total to 2.84078p (2.58253p). Tax took £730,406 (£555,359) leaving a net profit £643,622 (£496,585).

At November 30, 1974, provision was made for a debt of £77,159 owed by Court Travel, which was in liquidation. This debt was later reassessed at £86,310 of which £73,363 was recovered in 1975-76 and no further recovery can be expected the directors state.

Advances, at year end totalling Pts.4m. (£35,461), had been made to a Spanish hotel as part of a rooming contract but the directors consider return of these advances doubtful and has therefore made full provision against them.

Over the last few weeks main season bookings have been running at levels unequalled for the time of year and this trend is strengthening. Some flights have had to be cut back but there is sufficient capacity for the present demand and it is anticipated that the company will carry the same number of passengers as last year, says Mr. Bruce Tanner, the chairman.

With the hotel prices rising as fast at home as abroad there may have been a move towards do-it-yourself holidays, he says. The company has started to cater for this market to a limited degree with a low-priced programme based on minimal accommodation.

Profit commission amounting to £2,129 and £1,689 has been waived by the chairman and deputy chairman respectively.

At year-end working capital showed an increase of £0.72m. (£0.91m.) with bank balances and cash up £0.31m. (down £0.03m.).

Meeting, Birmingham, on May 19, at 2.15 p.m.

● comment

Horizon Midlands' 31 per cent. profits rise is impressive against a 3 per cent. drop in bookings and a lower load factor. It was achieved through price rises of a fifth to compensate for the fall in the value of the pound, a move that also helped to boost operating margins. HM concentrates its promotion in the Midlands and hence has lower advertising costs than most tour operators, so it can offer competitive prices. This, together with the fact that about three-quarters of its tours are to Spain, explain why it does better than the more diversified operators, and why the volume fall this year is well under the market average. The 13½ per cent. yield at 35p (covered more than times) compensates for the f cast of lower profits, and concern that the price guara for this summer is by no m risk free, despite the £1 surplus cash in the balance sh

Statement, Page 35

Purbeck expands

INCLUDING nine months fig of Purbeck Ceramics, acquired December, 1975, profits of Purbeck Group have shot up f £104,074 to £254,915 for the y ended September 30, 1976.

And profits for the current y are expected to show a substan increase, the directors state.

The company was forme known as Bandanga Holdin Turnover in 1975-76 came £1,130,145 (£428,192), and the profit was £125,496 (£47,882) af tax £129,419 (£56,192).

Earnings are shown at 93 (4.59p) per 25p share. The di dend is lifted from 3.167p 3.4803p net, with a final of 1.7 and prospects for the current y are such that the dividend sho again be increased.

Dunlop Hldgs. tops £73m.

AS FORECAST at halfway, the £13.3m. improvement to £32.1m. pre-tax achieved by Dunlop Holdings in the first half of 1976 was not maintained in the second half, when the increase was £8m. to £41.2m. This gave the group £73.3m. for the year, against £52m.

On current trading, the directors state that the first quarter was generally better than in the first quarter of 1976. It is too early to forecast the outturn for the year, they add. But the product diversity and worldwide spread of the group's businesses should enable it to maintain good progress.

Sir Reay Geddes, the chairman, says that after three years of consolidation the group is on the move again and in the right direction.

Stated earnings per 50p share are 19p against 14.7p, and the net final dividend of 2.6p makes the total 4.55p compared with 4.575p. The directors state that this recommendation is made in accordance with the policy of steadily increasing dividends as conditions allow.

	1976	1975
	£m.	£m.
Sales	1,2[illegible]	1,015
Depreciation	37.3	[illegible]
Operating profit	87.0	66.7
Share assoc.	18.9	14.6
Financing charges	32.6	29.1
Profit before tax	73.3	52.0
Taxation†	41.5	28.5
Net profit	31.8	23.5
Minority interests	12.5	8.3
Attributable	19.5	15.2
Dividends	5.1	4.1
Retained	14.2	10.9

† Includes deferred tax £7.6m. (£4.4m.).

The increases in profit were widely spread with an overall improvement in sales margins, it is stated. Operating profits were higher both in the U.K. and overseas. The proportion earned overseas was two-thirds. In particular, Dunlop Tire and Rubber Corporation in the U.S. achieved significantly better results. On the other hand, there were trading difficulties in Continental Europe, notably Germany, where Dunlop AG suffered an attributable loss of £12.3m., members are told. An improvement in Germany is expected this year.

The value fob of direct exports from the U.K. was £126m. (£98m.), an increase of 29 per cent.

Capital expenditure during the year amounted to £43m. (£29m.), reflecting a new phase of selective expansion throughout the group, members are told. Mr. J. Campbell Fraser, group managing director, says that capital spending will rise to £74m. this year, of which £24m. will be spent in the U.K. and £11m. in the U.S.

On finances, Mr. Campbell Fraser says that existing and potential facilities are more than adequate to meet foreseeable requirements.

Net current assets increased by £59m. to £272m., but one-third of this was due to exchange differences arising on translating overseas currencies into sterling, it is stated.

Most of the growth during 1976 in fixed and current assets has come from funds generated by the business, leaving about 20 per cent. financed by increased external loans (after adjusting for differences arising on foreign exchange translation), say the directors. The proportion of debentures and loans to net assets employed at December 31 has risen slightly to 34 per cent. (32 per cent.).

Under current cost accounting additional depreciation of £23m. and increased cost of sales of £34m. reduced the operating profit to £30m., members are told. After adjustments for tax and minority interests the profit attributable, excluding holding gains, was about £7m.

A divisional analysis of operating profit shows (in percentages) tyre 52 (60), consumer products 13 (12), industrial products 23 (18), engineering 8 (6), and supply 4 (4).

A geographical analysis shows (in percentages) U.K. 36 (31) other EEC 6 (14), Americas 19 (14), Africa 15 (19), and Asia and Australasia 24 (22).

Combined trading results and profits of the companies in the Dunlop Pirelli Union, excluding Industrie Pirelli, were about one-third higher in 1976, it is stated. Sales improved from £1.49m. to £1.82m., and pre-tax profit was ahead from £97m. to £129m. Net profit was £71m. (£55m.), and the Dunlop share of attributable profit was up from £14m. to £19m.

The improvements were widely spread, but were most substantial in Brazil and Argentina, members are told.

Industrie Pirelli, whose results do not affect those of Dunlop Holdings, showed a marked improvement, the directors state. Sales were up by a third and a small profit was earned.

See Lex

Ocean Transport looks for improvement

EVEN WITH a stable pound and adding up other imponderables Ocean Transport and Trading expects to show a further useful improvement in taxable profit in the current year says Sir Lindsay Alexander, the chairman, in his annual review.

Though there have been operational setbacks in the company's liner trades to Nigeria, the year has begun satisfactorily and the directors expect the slow recovery from recession to continue worldwide, he says.

As reported on April 5, on sales up from £311.51m. to £382.73m. taxable profit for 1976 advanced to £41.2m. (£22.38m.). The net dividend was lifted to 7.331p (6.5646p).

At year end working capital showed an increase of £15.75m. (£23.45m.) with bank balances and cash down £2.42m. (up £13.4m.). Capital commitments were £26.15m. (£41.06m.) for which £0.14m. (£0.99m.) had been authorised but not contracted.

In rejecting the application of inflation accounting to the results because it would give a misleading impression, Sir Lindsay comments that any method would mean a diminution of the profit but not a reduction to almost vanishing point as some people had suggested.

The company's financial position steadily strengthened throughout the year and it now has substantial liquid resources. Towards the end of the year two utility cargo vessels were bought for cash. Other shipbuilding plans have been delayed for a variety of reasons, but currently negotiations are well ahead for a further substantial investment in new tonnage.

West African trades and the container business OCL improved materially on forecasts during the year and for all operations nearly everything went right. Added to this a steep decline in the value of the pound produced exchange gains which had an important influence on profit, he says.

Meeting, Liverpool, on May 16 at 2.30 p.m.

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Holyrood Rubber over £0.1m.

Taxable profit was more than doubled from £47,060 to £100,722 by Holyrood Rubber in 1976. Turnover was £0.18m. higher at £0.41m.

Stated earnings per £1 stock unit jumped to 64.22p (26.05p) and a net final dividend of 19.81p lifts the total to 24.33p (22.110p).

	1976	1975
	£	£
Turnover	407,959	228,798
Surplus on trading	119,951	52,394
Investment income	17,360	17,746
Replanting expenditure	36,589	23,080
Pre-tax profit	100,722	47,060
Taxation*	45,392	24,620
Net profit	55,330	22,440
Brought forward	43,437	43,470
Dividends	20,961	19,058
Deduct transit relief†	—	1,585
To gen. reserve	15,000	5,000
Carried forward	62,806	43,437

* In Malaysia and U.K. † Overspill.

SHARE DISCLOSURES

Support for Newey from Ash & Lacy

The Board of Newey Group, which faces opposition at the annual meeting on April 28 from a ginger group, expects to have the support of Ash and Lacy Holdings, a company which announced yesterday that it holds 8.785 per cent. of Newey's capital.

Mr. Charles Raeburn, Newey's deputy chairman, said yesterday that the Board had "ample support" from shareholders. The ginger group, led by Mr. Leslie Harris, wants to appoint an outside director to the Newey Board.

Halma: Mr. D. S. Barber, chairman, holds 345,500 (7.3 per cent.) Ordinary shares.

Negretti and Zambra: Mr. P. A. Negretti and family hold 208,467 (9.69 per cent.) Ordinary shares, Mr. P. A. Negretti as trustee (non-beneficial) holds 2,172 (0.1 per cent.), Mr. P. N. Negretti and family hold 166,099 (7.72 per cent.), Mr. E. Ford holds 427 (approximately 0.02 per cent.), and Messrs. C. G. R. Hall, E. R. De Vries and J. B. Gowshall each hold 400 (approximately 0.02 per cent.) Ordinary shares.

Owen Owen: Mr. R. K. Asser holds 629,106 (7.1 per cent.) Ordinary shares, Mr. E. O. Cemlyn-Jones holds 748,038 (8.4 per cent.), Mrs. E. R. Lambert holds 713,561 (8 per cent.), Mr. E. C. O. Owen holds 920,245 (10.3 per cent.), and Mrs. M. G. Owen holds 595,472 (6.7 per cent.).

Kenning Motor Group: Prudential Assurance Company holds 1,486,198 (6.5 per cent.) Ordinary shares.

Bamfords: Beth Johnson Foundation holds 500,000 (6.6 per cent.) Ordinary shares.

Simon Engineering: Commercial Union Assurance Company holds 50,000 6 per cent. Cumulative Preference shares (5.42 per cent.).

Foseco Minsep: Prudential Group holds 3,479,446 Ordinary shares (7.58 per cent.).

Scottish and Continental Investment Company: Scottish Western Investment Company holds 1,047,500 Ordinary shares and Clydesdale Investment Company holds 1,045,000 Ordinary shares.

Wilmot Breedon (Holdings): Prudential Assurance Company holds 1,649,605 Ordinary shares (7.94 per cent.) and Dr. D. M. MacDonald and his family interests holds 1,975,000 (9.51 per cent.) Ordinary shares.

Lonsdale Universal: ITC Pension Fund, jointly with ITC Pension Investments holds 500,000 Ordinary shares and Courage Staff Pension Fund (held in the name of Princes Street Nominees) holds 50,000 Ordinary shares.

Selincourt: L. L. Leighton, beneficial 85,220 and non-beneficial 111,100, D. V. Pick, beneficial 460,000 and non-beneficial 198,000, S. Burton, beneficial 156,000, E. H. C. Henshall, beneficial 83,300 and L. Lurie beneficial 102,000 shares. All the above mentioned are directors.

John Mowlem and Co.: Prudential Group holds 437,000 (5.04 per cent.) Ordinary shares.

John Brown and Co.: Prudential Assurance Company holds £970,596 Ordinary stock (6.16 per cent.).

Acrow: Drayton Consolidated Trust holds, in the name of Hartson Nominees, 86,391 Ordinary shares.

United Newspapers: Drayton Premier Investment Trust beneficially holds, for Hartson Nominees, 450,000 (6.5 per cent.) Ordinary shares and Drayton Consolidated Trust, beneficially holds, for Hartson Nominees, 390,000 (5.7 per cent.) Ordinary shares.

London Prudential Investment Trust: Standard Life Assurance Company 450,000 (7.5 per cent.) Ordinary shares and Guardian Investment Trust Company 450,000 (7.5 per cent.) Ordinary shares.

Wintrust: Prudential Group holds 657,000 Ordinary shares (9.32 per cent.) beneficially.

Romney Trust: Commercial Union Assurance Company holds £513,750 Ordinary shares (7.43 per cent.), and Sun Life Assurance Society holds £65,000 5 per cent. Cumulative Preference stock (5.87 per cent.).

Keystone Investment Company: Prudential Assurance Company beneficially holds 325,000 (5.54 per cent.) Ordinary shares.

Witan Investment Company: Prudential Group holds 4,323,794 (5.32 per cent.) Ordinary shares.

Robb Caledon: Canon Assurance, through their subsidiary, Life and Equity, holds 135,000 (9.82 per cent.) Ordinary shares.

Kuala Selangor Rubber Company: Harrisons Malaysian Estates, through its subsidiary, London Asiatic Rubber and Produce, holds 76,280 (9.84 per cent.) shares.

Ash and Lacy: Newey Group holds 215,000 (8.785 per cent.) Ordinary shares.

Yarrow and Company: Outwich Investment Trust holds 250,000 Ordinary shares (6.25 per cent.).

Anglo American Asphalt Company: County Bank holds 259,838 (5.77 per cent) shares.

Armitage Shanks Group: ITC Pension Trust, jointly with ITC Pension Investments holds 1,129,446 Ordinary shares (5.39 per cent.).

Bath and Portland Group: Eufra Holdings holds 1,390,786 (9.57 per cent.) shares.

James Finlay and Co.: Prudential Assurance Company holds 48,000 6 per cent. Cumulative Preference stock (9.6 per cent.) and Wesleyan and General Assurance Society holds 25,000 6 per cent. Cumulative Preference stock (5 per cent.).

Staveley Industries: The Prudential Assurance Company holds 1,270,735 Ordinary shares (9.01 per cent.).

Westinghouse Brake and Signal Company: Prudential Assurance Company holds 2,169,300 (5.08 per cent.) shares.

Berry Wiggins and Company: Prudential Group holds 1,103,988 (5.46 per cent.) Ordinary shares and Co-operative Insurance Society holds 119,500 (10 per cent.) Second Cum. Pref. shares (13.34 per cent.).

Property Holding and Invest. Tst.: Prudential Assurance Company holds 687,496 (5.77 per cent.) Ordinary shares.

Root Harvesters: Jorehaut Holdings holds 338,965 (10.92 per cent.) Ordinary shares.

Royco Group: Throgmorton Tst. holds 1,550,000 Ordinary shares (7.75 per cent.).

Wilshaw Securities: J. R. Shaw holds 108,005 (12.01 per cent.) shares, R. M. Smith holds 59,160 (6.52 per cent.), C. M. R. Wilkinson holds 162,715 (18.08 per cent.), Mr. L. Frazer holds 102,964 (11.44 per cent.), and J. H. Pittock holds 70,173 (7.8 per cent.) shares.

Arden, Cobden and Norfolk Hotels: M. F. North holds 45,912 (7.29 per cent.) Ordinary shares.

Tilbury Contracting Group: ITC Pension Tst., jointly with ITC Pension Investments holds 100,000 (5.138 per cent.) shares and Courage Staff Pension Fund holds 10,000 (0.514 per cent.) shares.

Burmah Oil Company: Commercial Union Assurance Company holds £14,598 (5.84 per cent.) 6 per cent. Cum. 1st Pref. Stk. and £40,000 (5.33 per cent.) 6 per cent. Cum. 2nd Pref. Stk. Temple Bar Invest. Tst. holds £20,000 (8 per cent.) 6 per cent. Cum. 1st Pref. and Arbuthnot Secs. holds £45,500 (6.07 per cent.) 6 per cent. Cum. 2nd Pref. Stk.

Bejam Group: Prudential Group holds 1,543,000 Ordinary shares (5.72 per cent).

G. Dew and Co.: Mrs. P. A. J. Dew holds 227,237 (5.58 per cent.) shares and Minster Assets and subsidiaries holds 340,000 (8.36 per cent.) shares.

Ayer Hitam Tin Dredging Malaysia: Southern Malayan Tin Dredging holds 466,240 (7.64 per cent.) shares.

Peter Brotherhood: ITC Pension Trust jointly with ITC Pension Investments hold 250,000 (7.9 per cent. Ordinary shares.

Electrical and Industrial Securities: Mr. M. Q. Walters, a director, holds 6,000 Ordinary shares.

J. Compton Sons and Webb (Holdings): Throgmorton Trust beneficially hold 1,457,000 (8.56 per cent.) Ordinary shares.

Home Charm: Sun Alliance and London Insurance Group holds 316,000 (7.9 per cent.) Ordinary shares and S. S. Fogel (together with wife) holds 377,000 (9.4 per cent.) Ordinary shares. Above holdings are both beneficial.

Debenture Corporation: Alliance Trust Company beneficially holds £73,000 5 per cent. Preference stock (82.79 per cent.).

Lake View Investment Trust: Scottish Investment Trust Company beneficially holds £48,500 5 per cent. Cumulative Preference shares (9.1 per cent.).

NatWest has 5% of CU

National Westminster Bank holds a stake of 16,219,884 shares, representing 5.2 per cent. in Commercial Union Assurance, it was disclosed yesterday. At last night's CU price of 112p, up 1p, the interest is worth £18.2m.

The holding originally arose in 1972, when the NatWest sold its shares in Mercantile Credit (later taken over by Barclays Bank) to Commercial Union against the issue to it of some 10.9m. shares in the latter. A spokesman for the NatWest last night confirmed that his bank had fully taken up the additional shares offered to it under the CU's £62m. one-for-two rights issue in October 1974.

Nelson David: ITC Pension Trust jointly with ITC Pension Investments holds 300,000 (5.28 per cent.) Ordinary shares.

City of London Brewery and Investment Trust: Scottish Investment Trust Company beneficially holds £35,000 6 per cent. Cumulative First Preference stock (7 per cent.), Commercial Union Assurance Company holds £30,000 20 per cent. Non-Cumulative Preference stock (5.1 per cent.) and £40,000 6 per cent. Cumulative First Preference stock (8 per cent.) and Sun Alliance and London Insurance Group holds 50,000 20 per cent. Non-Cumulative Preference stock (8.5 per cent.).

Scottish American Investment: Commercial Union Assurance Company holds 50,000 10 per cent. Preference shares (7.14 per cent.).

Border and Southern Stockholders Trust: Prudential Assurance Company beneficially holds 1,114,669 Ordinary shares (6.14 per cent.) and 157,500 Conversion Ordinary shares (5.25 per cent.).

Stockholders Investment Trust: Prudential Assurance Company beneficially holds 2,000,000 (5.03 per cent.) Ordinary shares.

Govett European Trust: Commercial Union Assurance Company beneficially holds 1,250,000 (6.25 per cent.) Ordinary shares. F.then because it was not mar

Norcros: Mr. J. J. L. G. Sheffield, a director, has sold 1,419 Ordinary shares from his Lloyds special reserve account.

Queens Moat Houses: M. A. Marcus, a director, has purchased 1,000 shares.

Watsham's: Mr. J. R. Wilkinson, a director, has disposed of 5,000 shares.

Sheepbridge Eng.: Mr. S. M. Cannon has sold 1,000 Ordinary shares.

Drake and Scull Holdings: William Press and Son holds 975,000 Ordinary shares.

Allied Plant Group: John Stansby, a director, has acquired 20,000 shares.

General Consolidated Invest. Tst.: Sun Life Assurance Company holds 1,052,480 Ordinary shares (5.749 per cent.).

Nineteen Twenty-Eight Invest. Tst.: Prudential Assurance Company holds 1,147,930 Ordinary shares (9.448 per cent.).

Moorgate Invest. Company: Commercial Union Assurance Company holds 350,000 (7.511 per cent.) Ordinary shares.

City Offices Co.: Commercial Union Assurance Company holds 1,875,000 Ordinary shares (approx. 8.22 per cent.).

Parker Knoll: Mrs. J. A. Kries holds 37,864 (7.3 per cent.) shares and Mrs. M. H. Arnold holds 34,934 (6.7 per cent.) shares.

Guardian Invest. Tst. Co.: Prudential Assurance Company holds 3,365,384 Ordinary shares (6.67 per cent.) and Legal and General Assurance Society holds 3,137,546 (6.22 per cent.).

Sterling Tst.: Prudential Assurance Company holds 1,365,420 (8.91 per cent.) Ordinary shares.

Lindustries: Mr. R. J. Lupini, a director, has purchased 1,000 Ordinary shares.

British Electric Traction Co.: Refuge Assurance Company holds 73,000 8 per cent. Non-Cum. Pref. Ordinary shares (5.5 per cent.), and Sun Alliance and London Ins. Group holds 60,000 6 per cent. Cum. Pref. shares (8.4 per cent.) and 110,000 8 per cent. non-Pref. Ordinary shares (8.3 per cent.).

Francis Sumner (Hldgs.): Mrs. M. Davis holds 1,540,000 (6.95 per cent.) Ordinary shares.

G.R. (Hldgs.): Throgmorton Tst. beneficially holds 55,000 (5.32 per cent. Ordinary shares.

Cardinal Investment Tst.: Sun Life Assurance Society holds 744,177 Deferred shares (7.08 per cent.).

Killinghall (Rubber) Development Syndicate: Castlefield (Klang) Rubber Estates holds 78,588 (9.98 per cent.) shares.

British Petroleum Company: The Prudential Assurance Group holds £517,150 8 per cent. First Preference stock (7.15 per cent.).

Clayton Son and Co. (Holdings): ITC Pension Trust, jointly with ITC Pension Investments hold 140,000 Ordinary shares (7 per cent.).

Manders (Holdings): The Prudential Assurance Company holds 972,750 6.71 per cent.) Ordinary shares.

Second Alliance Trust Company: D. C. Thomson and Co. holds 1,903,428 Ordinary shares 9.9 per cent.).

Bertam Consolidated Rubber Company: Singapore Para Rubber Estates holds 395,000 (9.88 per cent.) Ordinary shares.

Rembia Rubber Estates: Sunghkai Estates holds 325,000 (8.44 per cent.) Ordinary shares and Dimbula Valley (Ceylon) Tea Company holds 253,958 (6.6 per cent.) Ordinary shares.

Allied Plant Group: Mr. J. W. Reynard holds 285,474 (5.71 per cent.) shares.

Longbourne Holdings: Assam-Dooars Holdings holds 63,475 (5.01 per cent.) Ordinary shares.

Castlefield (Klang) Rubber Estate: London Sumatra Plantations, through its subsidiary, Auxiliary Investments, holds 200,000 (6.67 per cent.) shares.

Killinghall (Rubber) Development Syndicate: Harrisons and Crosfield holds 70,732 (8.98 per cent.) shares.

Hongkong (Selangor) Rubber: Harcros Investment Trust holds 41,500 (9.29 per cent.) shares.

Dr. McDonald's holdings in engineering

Dr. Dan McDonald, the outspoken former chairman of BSR, now living in retirement in Geneva, emerged yesterday as the holder of significant stakes in three engineering companies. It was announced that he and his family interests hold 9.51 per cent. of the Birmingham engineering concern, Wilmot-Breeden, and it is now known that he has a 10 per cent. stake in Stockport brake specialist, Davies and Metcalfe, and 6.31 per cent. in the Norwich electrical machinery manufacturer, Laurence Scott.

Dr. McDonald's brokers, Smith, Keen Cutler, said yesterday that the holdings are purely for investment. In each case Dr. McDonald had taken a stake sufficient to give him participation in the company's future without arousing groundless fears that he might be aiming for managerial control.

Now that Dr. McDonald is resident in Geneva he would require Treasury permission to raise his share stakes in any company above 10 per cent.

Killinghall (Rubber) Development Syndicate: Edensor Rubber Estates holds 58,000 (7.36 per cent.) shares.

Bishopsgate Trust: Standard Life Assurance Company holds 700,000 (8.9 per cent.) Ordinary shares.

Hambros Investment Trust: Prudential Assurance Company holds 2,127,464 Ordinary shares (7.97 per cent.).

Finance For Industry: E. R. Izod holds £9,730 13 per cent. Unsecured Loan stock 1981.

Bambergers: Mr. L. A. Woodburn-Bemberger, a director, holds 617,239 (6.38 per cent.) Ordinary shares.

Airflow Steamlines: Scottish Amicable Life Assurance Society holds 150,000 (5.82 per cent.) Ordinary shares.

General Consolidated Investment Trust: The Prudential Assurance Company holds 1,364,215 (7.432 per cent.) Ordinary shares. The Church Commissioners hold 986,000 (5.386 per cent.) Ordinary shares and Philip Hill Investment Trust holds 1,184,165 (6.469 per cent.) Ordinary shares.

Philip Hill Investment Trust: The Prudential Assurance Company holds 2,918,275 (6.13 per cent.) Ordinary shares.

City and International Trust: Philip Hill Investment Trust holds 1,025,196 (7.614 per cent.) Ordinary shares and £6,000 Preference stock (1 per cent.).

Western Motor Holdings: ITC Pension Trust, jointly with ITC Pension Investments holds 65,000 (7.2 per cent.) ordinary shares.

TransOceanic Trust: The Prudential Group holds 904,500 (7.47 per cent.) ordinary shares.

Colonial Securities Trust Company: The Prudential Group holds 200,000 deferred stock units (7.97 per cent.).

English and International Trust: The Prudential Group holds 840,000 ordinary shares (9.83 per cent.).

Drayton Consolidated Trust: The Prudential Group holds 1,902,179 ordinary shares (6.26 per cent.).

Charter Trust and Agency: The Prudential Group holds 2,263,419 (6.13 per cent.) ordinary shares and Standard Life Assurance Company holds 1,850,000 (5 per cent.) ordinary shares.

Ashdown Investment Trust: The Prudential Group holds 650,364 (6.84 per cent.) ordinary shares.

Crescent Japan Investment Trust: Legal and General Assurance Society holds 460,000 (7.35 per cent.) shares.

Throgmorton Secured Growth Trust: New Throgmorton Trust holds 999,000 (9.99 per cent.) shares and Throgmorton Trust holds 950,000 (9.5 per cent.) shares.

Metalrax (Holdings): ITC Pension Trust, jointly with ITC Pension Investments holds 882,240 ordinary shares and Courage Staff Pension Fund holds 150,000 shares.

Flexello Castors and Wheels: J. F. Cowell, a director, holds 14,049 ordinary shares and Mrs. M. G. Cowell holds 8,088 ordinary shares.

Second Great Northern Investment Trust: The Prudential Assurance Company holds 1,285,066 ordinary shares and Standard Life Assurance Company holds 1,517,000 ordinary shares.

Northern Securities Trust: Practical Investment Fund beneficially holds 298,000 (8.36 per cent.) ordinary shares.

London Trust Company: Standard Life Assurance Company and Standard Life Pension Funds hold 1,157,035 (5.6 per cent.) shares and Prudential Assurance Company holds 1,202,000 (5.55 per cent.) shares.

United Dominions Trust: Alldee Nominees holds 58,033 (3.15 per cent.), 2nd cum. pref. (5.80 per cent.), and 91,250 3.15 per cent. 3rd. cum. pref. (9.12 per cent.). Secdee Nominees holds 50,000 3.15 per cent. 2nd cum. pref. (5 per cent) and 50,000 3.15 per cent. 3rd cum. pref. (5 per cent.). Prudential Group holds 31,605 3.15 per cent. cum. pref. (6.32 per cent.) and 65,466 3.15 per cent. 2nd cum. pref. (6.54 per cent.).

Second Broadmount Trust: Mr. A. G. Tite holds 407,000 ordinary shares beneficially and 797,756 non-beneficially, a total of 1,204,756 shares (12.19 per cent.). Mrs. R. N. Black holds 450,000 ordinary shares beneficially and 1,425,000 non-beneficially, a total of 1,875,000 (18.97 per cent.). Both are directors.

Mr. G. R. F. Tomkins holds 587,500 ordinary shares in W. J. Reynolds Holdings (15.14 per cent.) and GRFT Investments holds 362,500 ordinary shares (9.34 per cent.).

Foden Ltd.: Prudential Assurance Co. holds 578,248 (7.296 per cent.) Ordinary shares.

Romai Tea Holdings: George Williamson and Co. holds 106,291 shares.

Louis C. Edwards and Sons (Manchester): Mr. L. C. Edwards has purchased 424,500 Ordinary shares and Mr. D. J. Edwards has also purchased 424,500 Ordinary shares.

Williamson Tea Holdings: Inchcape Overseas beneficially holds 216,858 (9.48 per cent.) Ordina shares.

United States Debenture Co poration: Prudential Group hol 2,228,100 Ordinary shares (5. per cent.) and Commercial Uni Assurance Co. holds £73,000 per cent. Cumulative Preferen stock (6.95 per cent.).

London Scottish Americ Trust: Prudential Group hol 914,035 Ordinary shares (5.45 p cent.) and Standard Life Assu ance Co. holds 978,288 Ordina shares (5.84 per cent.).

Whatman Reeve Angel: Mr. P. Lobbenberg holds 105,000 (6. per cent.) shares, Dr. R. E. Ang holds 96,200 (5.35 per cent. shares and County Bank has vested interest in 121,000 shar (6.5 per cent.).

B. and I. Nathan: ITC Pensic Trust holds 105,000 Ordina shares.

Hambros Investment Trust: M J. H. Jacobs, a director, hol 1,428,251 Ordinary shares (5. per cent.) beneficially.

Australian and Internation Trust: Standard Life Assuran Co. holds 500,000 Ordinary shar (8.3 per cent.).

Bankers' Investment Tru Prudential Group holds 3,680,0 Ordinary shares (9.5 per cent.)

City of London Brewery a Investment Trust: Prudenti Group holds 3,256,232 Ordina shares (6.8 per cent.).

Sphere Investment Trust: Sta dard Life Assurance Co. ben ficially holds 2,035,000 (6.9 p cent.) Ordinary shares.

Trust and Agency Co. Australasia: Atlas Electric a General Trust beneficially hol 730,000 (9.125 per cent.) Ordina shares and Sphere Investme Trust beneficially holds 780,8 (9.75 per cent.) Ordinary share

Tesco Stores (Holdings): Mr. I Kreitman, a director, has so 150,000 shares from his no beneficial interest.

Drayton Premier Investmer Trust: Commercial Union Assu ance Company holds £70,000 5 p cent. Cumulative Preference sto (7.78 per cent.).

English and Scottish Investor Prudential Assurance Compar holds 1,275,000 (6.55 per cent Ordinary shares and £85,000 5 p cent. Cumulative Preference stoc (8.5 per cent.).

English and Caledonian Inves ment Company: 5 per cer Cumulative Preference stoc Scottish Investment Trust Con pany £57,500 (19.2 per cent.). Sco tish American Investment Co pany, £30,000 (10 per cent.) an Commercial Union Assuranc Company £25,000 (8.33 per cent.

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Investment Trust Review

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Half a century

Personal reflections on past and future

by Lewis G. Whyte

Chairman, London and Manchester Assurance Company Limited

Either by chance or by choice investment trust companies have played a major part in my business life and on several occasions I have had an opportunity of observing their progress from a ringside seat.

When I began my investment career over 50 years ago, I was a clerk—incidentally the only one—in the investment department of a leading Scottish mutual life office. In those days it was considered very venturesome indeed for a life assurance company to hold any ordinary shares at all. They were deemed by most to be too speculative for institutions where the search for security was paramount. When, later, the move into ordinary shares got under way in earnest, investment trust companies were considered ideal for the purpose largely because of the wide diversification of investment risk.

Early days

Indeed, at that time many investment trust companies were formed primarily for investment by life companies. The usual pattern was for an investment trust company to be formed with two or three life companies obtaining firm subscriptions for about half the capital, and the remainder was offered on a prospectus to the general public. The initial capital was typically in £10 shares issued at par to be split a few months later into £5 5% cumulative preference stock and £4 ordinary stock. Soon afterwards a 5% debenture stock, redeemable in about 25 years' time, was issued at a small discount and of an amount equal to the total share capital.

It was quite usual for dealings to start in the £10 shares at a premium of at least £1 per share and when split into preference and ordinary it was not unusual for the ordinary to be quoted initially at about £150 per £100 stock. This premium was due to two main reasons. The benefit of gearing operated immediately. For example, if 6%, after expenses, was earned on the total funds the earnings on the ordinary stock would be 10%, though the first dividend seldom exceeded 5%. The other reason was the high value placed on expert management. The relationship between supply and demand was then very different from the present time. Fifty years or so ago the demand was greatly in excess of the supply, though I doubt very much whether the expertise of the investment trust directors and management was any higher then, relative to that of the general public, than it is now.

Investment trusts formed in the middle 1920's soon had to face the acute depression of the early 1930's. Several companies passed their preference dividends, though in time all arrears were made good. At the worst of the depression several companies showed negative asset values for their ordinary stocks, though of course no market price ever fell to a minus figure. Anyone who was bold enough to buy the ordinary stocks of investment trust companies with negative asset values, which usually meant paying a price in single figures per cent., achieved one of the most rewarding investments of all time.

War and Recovery

When the war came in 1939, investment trust companies went on to a care and maintenance basis. Capital issue control prevented any new companies from being formed and any increase in capital by those already in existence. The majority of the dollar investments were requisitioned and most companies saw the end of the war with their investments confined to British securities.

In the immediate aftermath many began to rebuild their overseas portfolio paying in the process the dollar premium (then relatively low), which had been brought into existence by the operation of exchange control. The companies which succeeded in doing so to a material extent benefited later from the devaluations of sterling to $2.80 in 1949, and again to $2.40 in 1967.

In the late 1940's a dividend freeze was imposed on all ordinary capital, including investment trusts, and this had a very damaging effect on their market prices. It was not a matter of discounts between market price and net asset price having risen to the high levels of modern times, i.e. about 40 per cent. It was often possible to buy stocks at about 40 per cent. of their net asset value; in other words a discount of 60 per cent.

The Conservative Party victory in 1951 was followed almost immediately by the removal of the dividend freeze. This was welcomed by all British companies and most of all by investment trust companies which responded with substantial increases in dividends, which even at the higher levels, were still well within earnings. Nevertheless, investment trust stocks remained a relatively weak market and various attempts were made to improve it. Several amalgamations, usually among sister companies in the same group, took place and many companies split their stocks or shares into smaller units, either five shillings or half-a-crown. All this helped, though to a modest extent, to improve the marketability and also the rating.

One particular company in 1951 came to the conclusion that there was little hope of seeing its market price anywhere near the net asset value and it successfully proposed voluntary liquidation. It was a relatively small company with independent management, named Utilities and General Trust, Ltd. At the time of the announcement the ordinary stock was quoted at about £100 and some months later the liquidator paid out about £240.

In 1953 I joined the board of London and Manchester Assurance Company Ltd. where I found that, although most life companies were no longer inhibited from holding ordinary shares in substantial quantity, that company held only a tiny percentage.

Equities at a Discount

It was not a question then of having to rely on the formation of new investment trusts to supply an investment medium with the advantages of diversification and expert management. There were dozens, if not hundreds, of good investment trust companies already in existence where their ordinary stocks could be obtained at discounts of 25 per cent. and frequently larger. This seemed the ideal way of building up a substantial equity portfolio and, as long as investment trust stocks had the edge over other equity investments, we continued to buy: it was recently stated publicly that over half London and Manchester's equity investments were in investment trust stocks.

This policy certainly needed much patience though with the minimum of supervision and with little or no worry. Furthermore, it proved in time to be highly profitable. One of the larger earlier purchases is now quoted at more than six times its original cost price and, perhaps more important, is giving a yield on cost price of over 21 per cent.—and still growing.

Tendencies and prospects

Turning to the present, the popularity of investment trust ordinary stocks has waxed and waned, with the most quoted yardstick of measurement being the discount on net asset value. The latter part of last year was a particularly disappointing time with discounts frequently approaching 40 per cent. or more. This prompted a critical re-examination of the fundamental merits of investment trust companies, and several groups published figures of their own investment performance, capital and income, over lengthy periods of the recent past. Most were able to demonstrate convincingly to the doubters that their management had been very expert. The questioning also had an effect on dividend policy and many trust companies began to pay out a larger percentage of available earnings than had been the custom a few years earlier.

Within the last few months some investment trusts have been able to demonstrate that, over a period of five years and in some cases ten years, the growth of dividends had been greater than the rate of inflation. This by itself is a favourable feature of profound significance. Any company, whatever its nature, able to declare dividends year by year at increases greater than the rate of inflation deserves an exceptionally favourable rating. It is hoped that greater attention will be paid in future to the growth of dividends and less to the ephemeral relationship between market price and net asset values as shown by the overworked assessment by discount.

It was said at the beginning of this article that an excess of demand over supply was a major factor in causing most investment trust ordinary share prices to be quoted half a century ago at premiums over net asset values. If ever the current relationship should alter so that supply is no longer in excess of demand there seems no logical reason why such premiums might not return. In recent years the increase in the supply was caused largely by the Finance Act, 1972, which removed the disabilities over capital gains tax, and the ensuing euphoria brought about a vast increase (several hundreds of millions) in the ordinary capital and convertible loan stocks of existing investment trust companies. Within the last few months the supply has been decreasing by a variety of methods, either by voluntary liquidation, conversion into a unit trust, or outright takeover; and as long as substantial discounts persist these moves can be expected to continue.

To sum up, the fundamental merits of investment trust companies have recently been reaffirmed, and a change in the relationship between supply and demand is now in progress. Investment trust ordinary stocks are essentially a long-term investment; probably the most promising on the stock exchange. It would be surprising if anyone writing a similar sort of article to this one at the turn of the century could not show that these stocks had proved at least as good an investment during the 25 years before us as they have been in the 25 years behind.

Around the Market

by Jonathan D. Carr
L. Messel & Co.

Major events this month have included the successful completion of Guinness Peat's bid for London Electrical and General, the withdrawal of British Rail's offer for Standard Trust following the last minute intervention of the Prudential, and the expected demise of Estates House after the bid from Commercial Union.

The common factor is that the bidders were able to offer paper underwritten for cash. This underlines that bidders unable to do this will always have difficulty buying a trust "on the cheap". Any cash bid, which is all a Pension Fund can make, will now have to be made at a level much nearer to what is becoming known as the "going concern asset value" to have any realistic chance of success.

The average discount has nevertheless remained at just over 30 per cent. The reason for this is an American market which has fallen this year. Trusts are tied up inextricably in investors' minds with Wall Street, and will only start performing really well in terms of price when that market rallies. In the meantime what appears to be going almost unnoticed is the good asset performance of many trust companies accompanied in most cases by substantial dividend increases now coming through to holders of investment trust shares. A rally on Wall Street could well be just around the corner, and I have the feeling that investors who ignore leading trusts at these high levels of discount may regret it later. Bids could provide the icing on the cake.

A free booklet "Investing in Investment Trust Companies" is available from: The Association of Investment Trust Companies, Park House, (6th Floor), 16 Finsbury Circus, London EC2M 7JJ.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
134.9	Alliance Trust	Ord. Stock 25p	31/3/77	6.35	248.7	258.2	32.2
23.8	Capital & National Trust	Ord. & "B" Ord. 25p	31/3/77	*3.5	147.2	150.4	17.5
8.6	Claverhouse Investment Trust	Ordinary 50p	31/3/77	3.2	86.2	86.2	1.2
8.4	Crossfriars Trust	Ordinary 25p	31/3/77	2.6	84.0	84.0	–
14.1	Dundee & London Investment Trust	Ordinary 25p	31/3/77	2.0	72.0	73.7	4.7
80.4	Edinburgh Investment Trust	Deferred £1	31/3/77	5.53	243.7	260.5	21.4
39.6	First Scottish American Trust	Ordinary 25p	1/4/77	2.55	×106.6	109.0	16.1
10.4	Grange Trust	Ord. Stock 25p	31/3/77	1.81	86.0	91.0	6.1
59.6	*Great Northern Investment Trust*	*Ordinary 25p*	31/3/77	3.45	117.9	120.8	8.0
†	Guardian Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
82.0	Investment Trust Corporation	Ordinary 25p	31/3/77	4.94	247.8	254.2	36.0
78.5	*Investors Capital Trust*	*Ordinary 25p*	31/3/77	1.2	96.3	102.7	16.0
23.0	Jardine Japan Investment Trust	Ordinary 25p	31/3/77	0.7	183.1	183.1	38.5
†	London & Holyrood Trust	Ordinary 25p	31/3/77	†	†	†	†
†	London & Montrose Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
†	London & Provincial Trust	Ordinary 25p	31/3/77	†	†	†	†
95.0	Mercantile Investment Trust	Ordinary 25p	31/3/77	0.95	×42.7	48.3	2.8
	Do. Do.	Conv. Deb. 1988	31/3/77	£4.50	£66.60	£72.40	£8.40
47.0	Northern American Trust	Ordinary 25p	1/4/77	2.45	113.1	118.8	17.5
5.8	Save & Prosper Linked Invest. Trust	Capital Shares	31/3/77	–	121.8	121.8	–
102.0	Scottish Investment Trust	Ord. Stock 25p	31/3/77	2.05	113.6	117.7	17.4
47.6	Scottish Northern Investment Trust	Ordinary 25p	5/4/77	2.8	104.9	114.3	10.1
93.8	*Scottish United Investors*	*Ordinary 25p*	31/3/77	1.7	104.8	109.3	20.2
44.3	Second Alliance Trust	Ord. Stock 25p	31/3/77	4.75	211.2	220.8	27.9
†	Shires Investment Co.	Ordinary 50p	31/3/77	†	†	†	†
37.6	*Sterling Trust*	*Ordinary 25p*	31/3/77	4.65	205.7	213.5	28.2
23.7	Technology Investment Trust	Ord. & "B" Ord. 25p	31/3/77	*1.75	117.9	119.1	15.2
65.8	United British Securities	Ordinary 25p	31/3/77	6.85	292.9	295.6	36.8
	Baillie Gifford & Co.						
†	Scottish Mortgage & Trust	Ordinary 25p	31/3/77	†	†	†	†
86.5	Edinburgh & Dundee Investment	Ordinary 25p	31/3/77	3.5	172.6	176.8	23.6
33.2	Monks Investment Trust	Ordinary 25p	31/3/77	1.15	62.3	63.4	7.8
13.8	Winterbottom Trust	Ordinary 25p	31/3/77	3.75	240.1	253.7	35.6
	Baring Bros. & Co. Ltd.						
†	Outwich Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
29.4	Tribune Investment Trust	Ordinary 50p	21/3/77	11.1	879.6	883.4	152.7
	Cripps Warburg Ltd.						
‡12.6	Sizewell European Invest. Trust	Ordinary 10p	31/3/77	1.4	88.2	88.2	8.1
3.4	Atlanta, Baltimore & Chicago	Ordinary 10p	31/3/77	0.25	≈62.4	≈62.4	≈8.4
4.1	*West Coast & Texas Regional*	*Ordinary 10p*	31/3/77	0.5	≈76.0	≈76.0	≈9.6
	Edinburgh Fund Managers Ltd.						
‡55.6	American Trust	Ord. & "B" Ord. 25p	31/3/77	*1.1	51.0	53.4	4.3
18.1	*Crescent Japan Investment Trust*	*Ordinary 50p*	31/3/77	–	168.0	168.0	27.4
	Electra House Group						
153.6	Cable Trust	Ordinary 25p	31/3/77	5.7	171.0	171.1	10.2
	Do. Do.	Conv. Loan 1985/90	31/3/77	£6.25	£140.20	£140.50	£8.30
†	Electra Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
†	Globe Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
	Do. Do.	Conv. Loan 1987/91	31/3/77	£5.50	†	†	†
21.6	Telephone & General Trust	Ordinary 25p	31/3/77	8.5	×209.0	×220.9	×5.1
	Do. Do.	Conv. Loan 1987/91	31/3/77	£6.00	£83.80	£88.60	£3.20
16.3	Temple Bar Investment Trust	Ordinary 25p	31/3/77	§6.75	145.9	149.0	5.7
	Do. Do.	Conv. Loan 1985/90	31/3/77	£5.75	£116.70	£119.20	£4.60
	F. & C. Group						
‡16.1	Alliance Investment	Ordinary 25p	15/3/77	2.085	116.8	122.0	13.0
15.4	Cardinal Investment Trust	Deferred 25p	31/3/77	3.3	×131.0	×136.8	12.9
	Do. Do.	Conv. Ln. Stk. 1985/87	31/3/77	£6.00	×£106.10	×£110.80	£10.50
25.9	F. & C. Eurotrust	Ordinary 25p	31/3/77	0.6	58.9	58.9	11.1
154.6	Foreign & Colonial Invest. Trust	Ordinary 25p	31/3/77	2.9	189.9	199.6	30.4
†	General Investors & Trustees	Ordinary 25p	31/3/77	†	†	†	†
	James Finlay Investment Mgmt. Ltd.						
1.5	Provincial Cities Trust	Ordinary 25p	31/3/77	1.21225	30.6	30.6	–
	Gartmore Investment Ltd.						
5.6	Altifund	Income 50p	31/3/77	6.75	101.4	101.4	–
	Do. Do.	Capital 50p	31/3/77	0.3375	199.7	199.7	4.6
22.8	*Anglo-Scottish Investment Trust*	Ord. & "B" Ord. 25p	31/3/77	*1.5	52.1	55.1	5.1
16.1	English & Caledonian Investment	Ordinary 25p	31/3/77	2.3	96.4	100.1	9.1
23.9	English & Scottish Investors	Ord. & "B" Ord. 25p	31/3/77	*2.2	85.9	92.2	7.1
6.2	*Group Investors*	*Ord. & Defd. 25p*	31/3/77	1.55	≈65.5	≈69.6	≈6.8
5.2	London & Gartmore Invest. Trust	Ordinary 50p	31/3/77	0.5	83.0	88.7	15.1
9.8	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/3/77	*1.95	89.7	93.9	11.8
19.6	London & Lomond Invest. Trust	Ordinary 25p	31/3/77	2.1	82.8	86.0	6.5
‡10.4	London & Strathclyde Trust	Ordinary 25p	31/3/77	1.25	50.4	55.0	7.0
9.8	Meldrum Investment Trust	Ordinary 25p	31/3/77	1.65	48.4	48.4	0.4
7.3	New York & Gartmore Investment	Ordinary 25p	31/3/77	0.3	40.0	40.0	3.7
	Gartmore Investment (Scotland) Ltd.						
67.0	Scottish National Trust	Ordinary 25p	31/3/77	3.05	174.1	178.6	22.9
16.2	Glasgow Stockholders Trust	Ordinary 25p	31/3/77	2.05	120.6	125.3	16.7
	John Govett & Co. Ltd.						
71.8	*Border & Southern Stockhldrs. Tst.*	Ordinary 50p	31/3/77	5.5	336.2	348.3	38.2
32.0	Debenture Corporation	Ordinary 25p	31/3/77	2.75	96.7	101.8	9.4
10.1	General Stockholders Invest. Trust	Ordinary 12½p	31/3/77	1.3	118.8	131.1	19.3
16.7	Govett European Trust	Ordinary 25p	31/3/77	1.6	80.7	80.7	11.0
52.8	Lake View Investment Trust	Ordinary 25p	31/3/77	1.65	106.0	110.3	12.7
	Do. Do.	Conv. Loan 1973/98	31/3/77	£4.00	£141.30	£147.10	£16.90
†	London & Aberdeen Invest. Trust	Prefd. & Defd. 5p	31/3/77	†	†	†	†
53.0	Stockholders Investment Trust	Ordinary 25p	31/3/77	1.65	107.9	113.3	14.3
	G.T. Management Ltd.						
13.2	Berry Trust	Ordinary 25p	31/3/77	0.825	72.6	72.6	6.4
	Do. Do.	Conv. Loan 1993	31/3/77	£4.25	£105.20	£105.30	£9.20
†	Northern Securities Trust	Ordinary 25p	5/4/77	2.45	†	†	†
12.8	G.T. Japan Investment Trust	Ordinary 25p	31/3/77	1.0	173.4	173.4	31.2
	Hambros Group						
†	Bishopsgate Trust	Ordinary 25p	31/3/77	†	†	†	†
†	City of Oxford Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
†	*Hambros Investment Trust*	*Ordinary 25p*	31/3/77	†	†	†	†
9.5	Hellenic & General Trust	Ordinary 10p	31/3/77	1.638	48.5	56.3	–
5.8	Rosedimond Investment Trust	Capital 25p	31/3/77	–	76.9	76.9	0.7
	Henderson Administration Ltd.						
‡117.4	Witan Investment	Ord. & "B" Ord. 25p	31/3/77	*1.7	×102.7	109.3	12.5
19.3	Electric & General Investment	Ordinary 25p	31/3/77	1.15	88.4	90.2	12.7
4.9	Greenfriar Investment	Ordinary 25p	31/3/77	1.2	98.7	98.7	9.7
5.3	Lowland Investment	Ordinary 25p	31/3/77	1.75	54.7	54.7	1.8
1.9	English National Investment Co.	Prefd. Ord. 25p	31/3/77	1.5	29.7	31.5	–
	Do. Do.	*Defd. Ord. 25p*	31/3/77	1.1	43.7	50.8	–
	Philip Hill (Management) Ltd.						
17.9	City & International Trust	Ordinary 25p	31/3/77	3.3	113.8	119.2	12.5
9.5	General & Commercial Inv. Trust	Ordinary 25p	31/3/77	4.55	154.1	164.4	15.7
20.5	General Cons. Investment Trust	Ordinary 25p	31/3/77	3.1	95.8	99.0	9.1
†	Philip Hill Investment Trust	Ordinary 25p	31/3/77	†	†	†	†
4.0	Moorgate Investment Co.	Ordinary 25p	31/3/77	2.35	76.5	79.2	2.1
†	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/3/77	†	†	†	†
	Ivory & Sime						
†	British Assets Trust	Ordinary 25p	31/3/77	†	†	†	†
30.1	Edinburgh American Assets Trust	Ordinary 25p	31/3/77	0.9	106.2	109.5	21.9
32.0	Atlantic Assets Trust	Ordinary 25p	31/3/77	0.4	92.9	99.9	17.3
†	Viking Resources Trust	Ordinary 25p	31/3/77	†	†	†	†
	Leopold Joseph & Sons Ltd.						
3.4	Anglo-Welsh Investment Trust	Ordinary 50p	31/3/77	1.35	≈56.1	≈61.9	–
5.3	Leopold Joseph Investment Trust	Ordinary 25p	31/3/77	1.4	×75.5	91.9	–
4.5	Thanet Investment Trust	Ordinary 50p	31/3/77	2.4	≈71.5	≈75.1	–
	Keyser Ullmann Ltd.						
20.7	*Throgmorton Trust*	Ordinary 25p	31/3/77	4.0	61.0	65.2	–
10.2	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	31/3/77	–	–	140.1	–
	Lazard Bros. & Co. Ltd.						
47.4	Raeburn Investment Trust	Ord. Stock 25p	31/3/77	3.55	152.0	158.6	20.2
39.0	Romney Trust	Ord. Stock 25p	31/3/77	2.35	109.5	112.3	14.6
	Martin Currie & Co., C.A.						
†	Canadian & Foreign Invest. Trust	Ordinary 25p	31/3/77	†	†	†	†
17.5	St. Andrew Trust	Ordinary 25p	31/3/77	3.65	138.9	144.7	17.2
87.5	Scottish Eastern *Investment Trust*	Ordinary 25p	31/3/77	3.5	151.0	157.8	22.9
†	Scottish Ontario Investment Co.	Ordinary 25p	31/3/77	†	†	†	†
†	Securities Trust of Scotland	Ordinary 25p	31/3/77	†	†	†	†
3.0	Western Canada Investment Co.	Ordinary 25p	31/3/77	13.0	646.9	663.2	89.3
	Murray Johnstone Ltd.						
‡42.8	Caledonian Trust	Ord. & "B" Ord. 25p	31/3/77	*1.4	89.3	93.2	14.2
‡64.5	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/3/77	*1.45	86.0	89.1	13.8
‡17.9	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/3/77	*1.4	107.9	112.3	15.7
‡6.1	*Glenmurray Investment Trust*	Ord. & "B" Ord. 25p	31/3/77	*1.45	84.4	84.4	12.6
‡18.6	Scottish & Continental Investment	Ordinary 25p	31/3/77	1.2	≈70.2	≈70.2	≈8.8
‡71.3	Scottish Western Investment	Ord. & "B" Ord. 25p	31/3/77	*1.95	107.2	112.6	16.9
‡22.8	*Second Great Northern Inv. Trust*	Ord. & "B" Ord. 25p	31/3/77	*1.6	97.7	101.8	16.6
	Navdale Ltd						
†	Simonside Investment Co.	Ordinary £1	31/3/77	†	†	†	†
	Schroder Wagg Group						
19.2	Ashdown Investment Trust	Ordinary 25p	31/3/77	3.4	162.2	169.7	19.2
	Do. Do.	Conv. Loan 1988/93	31/3/77	£4.75	£113.60	£118.80	£13.50
‡26.1	Broadstone Investment Trust	Ordinary 20p	31/3/77	4.5	168.3	177.2	16.3
	Do. Do.	Conv. Loan 1988/93	31/3/77	£4.50	£112.20	£118.10	£12.20
45.2	Continental & Industrial Trust	Ordinary 25p	31/3/77	5.0	236.7	249.1	23.2
‡26.3	Trans-Oceanic Trust	Ordinary 25p	31/3/77	4.2	198.9	206.8	24.3
	Do. Do.	Conv. Loan 1988/93	31/3/77	£4.50	£124.30	£129.20	£15.20
12.1	Westpool Investment Trust	Ordinary 25p	31/3/77	2.35	124.0	129.2	15.6
	Do. Do.	Conv. Loan 1989/94	31/3/77	£5.00	£112.40	£116.20	£14.00
	Stewart Fund Managers Ltd.						
61.2	Scottish American Investment Co.	*Ordinary 50p*	31/3/77	1.95	85.2	88.9	8.3
†	Scottish European Investment Co.	Ordinary 25p	31/3/77	†	†	†	†
	Touche Remnant & Co.						
87.3	Atlas Electric & General Trust	Ordinary 25p	31/3/77	1.3	68.1	71.1	4.9
28.7	Bankers' Investment	Ordinary 25p	31/3/77	2.0	66.2	71.1	5.5
13.7	C.L.R.P. Investment Trust	Ordinary 25p	31/3/77	1.6	76.2	80.5	5.0
‡27.8	Cedar Investment Trust	Ordinary 25p	31/3/77	2.1	77.2	80.0	6.2
33.8	City of London Brewery	Deferred 25p	31/3/77	2.1	63.3	68.1	1.6
27.8	*Continental Union Trust*	Ordinary 25p	31/3/77	2.3	141.0	147.1	14.3
154.8	Industrial & General Trust	Ordinary 25p	31/3/77	1.24	60.4	63.0	5.4
38.2	International Investment Trust	Ordinary 25p	31/3/77	2.34	87.6	92.8	7.5
43.4	*Sphere Investment Trust*	*Ordinary 25p*	31/3/77	2.3	132.3	137.9	15.7
41.8	Standard Trust	Ordinary 25p	31/3/77	4.9	162.9	168.8	20.9
30.2	Trust Union	Ordinary 25p	31/3/77	2.2	121.4	126.5	9.6
35.6	Trustees *Corporation*	*Ordinary 25p*	31/3/77	3.4	160.2	166.6	10.3
	VALUATION THREE-MONTHLY						
9.9	General Scottish Trust	Ordinary 25p	31/3/77	2.7	96.8	99.0	12.4
	Do. Do.	Conv. Loan 1995/2000	31/3/77	£5.50	£122.90	£125.80	£15.80
25.6	Hume Holdings	"A" & "B" Ord. 25p	31/3/77	*3.0875	79.3	88.1	0.4
5.2	Kingside Investment Co.	Ordinary 25p	31/3/77	1.9	×48.0	×49.3	0.5
1.9	Lancashire & London Investmt. Trust	Ordinary 25p	31/3/77	1.5625	47.3	47.3	1.7
27.9	London Scottish American Trust	Ord. Stock 25p	31/1/77	4.16	153.3	162.0	15.5
24.2	*North Atlantic Securities*	*Ordinary 25p*	31/3/77	2.2	114.2	117.9	18.2
8.9	Safeguard Industrial Investments	Ordinary 25p	31/3/77	3.1	75.3	77.5	–
6.6	Scottish Cities Investment Trust	Ord. & "A" Ord. 25p	31/3/77	6.75	200.6	206.9	4.9
20.1	*United States & General Trust*	Ordinary 25p	31/3/77	4.94	228.1	235.1	20.7
48.9	United States Debenture Corporation	Ordinary Stock 25p	31/1/77	2.66	104.5	108.6	10.8
	Do. Do.	Conv. Loan Stock 1993	31/1/77	£5.00	£114.90	£119.40	£11.90
13.7	Yeoman Investment Trust	Ordinary 25p	31/3/77	6.5	189.3	195.2	11.5
	Do. Do.	Conv. Loan 1993	31/3/77	£4.50	£104.10	£107.40	£6.30
	East of Scotland Investmt. Managers:						
80.1	Aberdeen Trust	Ordinary Stock 25p	31/3/77	4.025	159.0	169.5	18.0
10.3	*Dominion & General Trust*	Ordinary 25p	28/2/77	5.8	220.2	231.9	27.1
25.1	Pentland Investment Trust	Ordinary 25p	28/2/77	3.4	132.7	137.7	18.3
	Kleinwort Benson Ltd.						
15.4	Brunner Investment Trust	Ordinary 25p	31/3/77	2.95	108.8	112.0	10.0
28.4	Charter Trust & Agency	Ordinary 25p	31/3/77	1.8	64.7	67.1	7.3

*Applies to Ordinary/"A" Ordinary only. § Includes special dividend. ≠ Adjusted for scrip issue. ¤ Adjusted for rights issue. † Company will announce year-end or interim results shortly. ≈, × See note (h) below. □ Valuation Two-monthly. ◊ Not directly comparable with previous published figure. ß Dependent on "B" share conversions. ‡ Change in the prior charges since the previous published figure.

Notes:—

(a) Cols. 1, 6, 7. Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7. All revenue account items are excluded.

(c) Cols. 1, 6, 7. No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8. Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5. Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7. Prior charges are deemed to include preference share capital.

(g) Col. 8. The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8. Convertible loan/preference stocks and warrants or subscription rights are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as exercised, except where a figure is marked "w".

Mr H.F. Oppenheimer reports on De Beers in 1976

Total sales by the Central Selling Organisation in 1976 amounted to U.S. $1 555 million, which is 46 per cent higher than in 1975. The demand for the smaller sizes and the cheaper qualities of large diamonds was very strong and towards the end of the year there was some improvement for better quality large sizes also.

The market has continued to strengthen in the new year and in March the Central Selling Organisation announced an overall price increase of 15 per cent. The higher prices have not reduced demand and in the absence of unforeseen circumstances sales are likely to be maintained at a very satisfactory level in 1977.

Sales of industrial diamonds, were higher than in 1975 and reached a record. During 1976 a synthesised grit known as CDA, for use in the grinding of tungsten carbide, and a synthesised product, to which we have given the name Syndite, were successfully introduced to the market.

De Beers' net consolidated profit rose from R220 million to R308 million last year, an increase of 40 per cent. Dividends on the deferred shares were increased by 25 per cent from 28 cents to 35 cents per share. Stocks of diamonds, at cost, amounted at the year-end to R227 million, a reduction of R77 million or 25 per cent compared with the previous year.

After deducting foreign loans, all of which have been used for investment purposes, the net value of the Group's investments was R539 million. The net current assets of the Group rose during the year by 83 per cent from R187.6 million to R344 million. Allowing for minority interests, the net investments, loan levy and net current assets at the 31st December attributable to De Beers amounted to R819 million, or 228 cents per deferred share compared with 193 cents the previous year.

Shareholders will have received my statement on the proposed merger of Anglo American Corporation and Rand Selection Corporation. If the merger and related transactions are carried into effect, De Beers' interest in the enlarged Anglo American Corporation will be 30 per cent plus any shares it may acquire from the underwriting. The De Beers policy of diversification has been established and accepted ever since the Company participated on a large scale with Anglo American more than 25 years ago in the financing of the Orange Free State goldfield. De Beers requires for the security of its principal business to retain substantial reserves in cash and in other assets outside the diamond business. The underwriting of the Rand Selection issue is a continuation of an established policy and the amalgamation of Anglo American and Rand Selection will improve the quality and the long-term growth prospects of our principal investment outside the diamond business.

In Botswana the new Letlhakane mine, has been commissioned and full production at an estimated rate of 320 000 carats a year should be realised by the end of April. Construction work is in progress at Orapa to increase the capacity of the mine from 2.3 million to 4.5 million carats a year, and should be completed before the end of 1978.

Prospecting continued during the year at a kimberlite pipe discovered in Jwaneng in the south of the country. The pipe is overlain by a sand and calcrete overburden averaging about fifty metres in depth and the discovery was a considerable technical achievement by Dr Murray and his geological staff. An accurate assessment of its potential will require a detailed underground sampling programme.

The Letseng-la-Terai mine is now in production and the full estimated capacity of the plant should be reached by the middle of the year. The profitability of this mine will depend on the production of a comparatively small quantity of large, high quality diamonds. Obviously its establishment on this basis involves risks but we are confident that our investment of R33 million will prove justified.

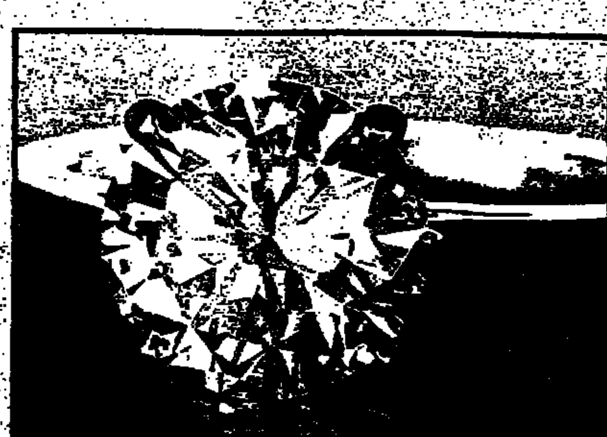
Good progress has been made in re-activating the Koingnaas project from which production at the rate of about 500 000 carats a year is due to begin next year.

The Premier mine is continuing to operate on a marginal basis. Potentially this property has a very long life, and once operations have been established below the gabbro sill which cuts across the pipe, it is expected that the grade should improve. Negotiations have been going on with the Government which envisage the leasing of the property by De Beers so that capital expenditure might be offset against mining profits from other sources and also certain other changes to reduce the burden of taxation.

Our annual report this year illustrates the activities of the Central Selling Organisation's marketing department in London, which continues to do excellent work in the interests not only of De Beers but of the diamond industry as a whole. Diamonds have ceased to be merely a luxury for the very rich and are now worn and enjoyed more and more extensively.

Mining

Sorting



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(Incorporated in the Republic of South Africa)

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MINING NEWS

De Beers still rides a buoyant gem market

BY KENNETH MARSTON, MINING EDITOR

WHATEVER the political hurdles [illegible] face a company operating in southern Africa, the De Beers diamond giant has no [illegible] on the commercial score. Following a record world diamond sales value of $1.56bn. (£905bn.) of stones handled by the group's Central Selling Organisation last year, the market continues to strengthen.

In his annual statement the De Beers chairman, Mr. Harry Oppenheimer, points out that last year's big increase of an average 15 per cent. in the prices of rough gem stones has not reduced demand. And barring unforeseen circumstances, "sales are likely to be maintained at a very satisfactory level in 1977."

The report now describes as "important" the discovery of a new kimberlite "pipe" hidden under some 50 metres' depth of Kalahari sand near Jwaneng in the south of Botswana. Underground sampling to assess its diamond potential is expected to take some four years and will involve substantial capital investment.

Last year De Beers' earnings jumped 40 per cent. to a best-ever R308m. (£206m.) and the dividend was raised from 28 cents to 32 cents (21.4p). The buoyancy of the diamond market is emphasised by a fall of 25 per cent. to R227m. (£152m.) in the diamond stocks held by the group at the year-end.

Allowing for minority interests, De Beers' net investments, loan levies and net current assets at December 31 amounted to R819m. ([illegible]m.), or 228 cents (152p) per share.

The group clearly has ample resources to take up its 40 per cent. entitlement in the Rand Selection R80m. rights issue and to underwrite the issue. This will result in De Beers ending up with a minimum 30 per cent. of the merged Anglo American and Selection.

The deal will further diversify De Beers' interests and will result in the group acquiring its stake in Anglo assets on favourable terms. But diamonds remain of prime importance. The current year will bring the full benefits of last September's 5.25 per cent rise in gem prices together with those of the recent 15 per cent hoist with the result that De Beers' earnings per share seem set for the 100 cents region and a dividend of 40 cents (26.7p) is the minimum expectation. The shares were 228p yesterday.

Saaiplaas gets uranium lift

OUTSTANDING in an otherwise rather cheerless set of March quarterly reports from the Anglo American Corporation group's South African gold and uranium mines is the news of a big uranium profit at Free State Saaiplaas, a mine which had been operating at a loss.

Western Holdings has done well thanks to increased milling and a higher gold ore grade, while Welkom has also managed to raise its gold output and to hold operating costs in check.

	Mar. qtr. R000	Dec. qtr. R000	Sept. qtr. R000
Daggafontein	682	301	*673
Freddies	*48	353	*1,034
Free State Geduld	15,007	20,978	18,898
F. State Saaiplaas	†802	*1,161	*2,134
President Brand	12,385	14,691	14,600
President Steyn	5,157	6,395	9,304
S.A. Lands	*655	1,236	*1,414
Vaal Reefs	15,657	22,189	16,254
Welkom	2,169	1,175	1,096
Western Deep	17,825	15,539	20,219
Western Holdings	19,976	18,457	16,712

*Loss. † Pre-tax surplus includes sale of capital items following cessation of mining.

On the other side of the coin, it is stated that completion of the flotation, acid and gold plants of the group's OFS joint metallurgical complex is behind schedule while the uranium plant has not yet reached rated throughput. However, commissioning of the complex and the attainment of full production should be achieved towards the end of June.

Generally speaking the group mines have suffered higher costs in line with an influx of black labour, part of which has been in the form of novices which have had to be trained. As with other groups, the need for training has meant that there has been not increased productivity to set against wage costs, but matters should now improve.

Vaal Reefs has suffered a fall in uranium profits, while Free State Geduld has mined a lower than forecast gold ore grade. Because of a delayed build-up of production owing to fires President Steyn has reduced its planned production for the year to September 30 to 2.8m. tonnes grading 8.9 grammes gold per tonne: it was 3.0m. tonnes at 9.2 grammes previously.

The latest working profits are compared below.

Higher taxes hit Amax

HIGHER taxes have weighed upon first quarter earnings of the U.S. Amax mining giant. They amount to $12.5m. (£18.9m.), or 91 cents (53p) per share, compared with $33.6m. in the first quarter of 1976. The pre-tax operating profits for the past quarter, however, were $51m. compared with $38m. a year ago.

The higher income tax charge on the latest occasion stems from a fall of $4.3m. in recorded investment tax credits and a change in the composition of earnings, it is stated. The latest tax charge is based on the anticipated rate for 1977.

First quarter sales amounted to $351.1m. (£206.5m.), compared with $266.6m. a year ago. Increases came mainly from copper, molybdenum, iron ore and nickel.

The higher pre-tax earnings in the past quarter reflect increased sales and profit margins for copper, lead and iron ore over the same period of 1976. Molybdenum also did better with increased prices offsetting higher costs.

Nickel losses were lower in the quarter because of increased shipments and reduced costs. Earnings from coal operations, however, were reduced by cold weather and wildcat work stoppages at midwestern mines. An 8.5 per cent. stake in Amax is held by London's Selection Trust.

Labour unrest down-under

THE BIG Port Pirie lead and zinc plant in South Australia of Broken Hill Associated Smelters (owned by Australian Mining and Smelting and North Broken Hill) has shut down its principal processes because of industrial action by one of the ten unions there.

Key plant operators have been withdrawn by the Federated Engine Drivers and Firemen's Association in a dispute over negotiating a new industrial agreement. BHAS says that it does not know how long the shut-down will continue.

In the troubled Pilbara iron ore fields in Western Australia an Industrial Commissioner has referred the Australian Metal-workers Union strike at the Mount Newman iron ore mine to the Industrial Commission.

A company spokesman said that this meant that the Commission will decide on wages and conditions for the union members, taking the matter out of the company's hands and making futile a continuation of the 17-day-old strike which has halted production. Union officials have called a meeting of 230 men involved for Tuesday.

Three of the four Pilbara iron ore mining companies want to negotiate with all the unions together, but the unions want to negotiate separately with each company.

Dispute over the format caused a number of rolling strikes and other action throughout the industry in recent weeks but Mt. Newman is the only company to remain affected.

Hamersley and Goldsworthy are the other two companies holding out the issue, but the fourth, Robe River, has agreed to the union proposal.

HARD TIMES ON THE BEACHES

The Western Australian beach mineral sands producer, Allied Minerals is holding talks on the possible sale of its assets to Conzinc Riotinto of Australia, reports our Sydney correspondent. Allied's major asset is the mineral sands operation at Eneabba on the West Australian coast, in which it has a 75 per cent. interest. Dupont of the U.S. has the remaining 25 per cent.

The operation has been in difficulty since production started in 1975 and output has only recently approached design capacity. Earlier this month the company reported a half-year loss of $A2.17m. (£1.39m.) which added to the $A4.85m. (£3.19m.) deficit for 1975-76, would reduce shareholders' funds to about $A650,000 (£417,000).

Allied directors said that if a successful deal was concluded they expected it would not yield any more to Allied shareholders than the current market share price of 15 cents (9.6p). Allied's 1976 balance-sheet showed long term borrowings of $A17.3m. and short term liabilities of almost $A9m.

Against the background of weak price for rutile and zircon, other Western Australian beach sands miners have recently reported losses. Jennings, which also operates at Eneabba, lost $A57,000 in the December half-year, while Western Mining incurred a $A1m. loss on its Jurien Bay operation in the January half and suspended mining.

Surge at Root Harvesters

ALMOST DOUBLED profits, from £164,459 to £309,739, for 1976 are announced by agricultural machinery makers Root Harvesters. And the current year should produce no less than 1976, the directors forecast.

Earnings are shown at 5p (3.14p) per 10p share, and the final dividend is 1.08p for a net total of 1.88p (1.665p).

Prospects for the current year are encouraging.

	1976 £	1975 £
Turnover	4,667,495	2,169,594
Profit before tax	309,739	164,459
Taxation	149,725	80,661
Net profit	160,014	83,798
Extra-ord. income	—	23,228
Attributable	133,073	107,026

British Midland slumps

AFTER a buoyant summer season, a particularly bad fourth quarter in 1976 almost eliminated profit for Minster Assets subsidiary British Midland Airways which ended the year down from £420,000 to £90,000 on turnover up £3.81m. at £18.82m. No Ordinary dividend is to be paid.

Though too early to take a firm view of prospects in 1977, the encouraging features are that in the scheduled service division passenger carryings appear to be on a rising trend; and, the leasing division has obtained two overseas contracts with Kuwait Airways and the newly-formed Kenya Airways, says Mr. A. R. G. McGibbon, the chairman.

The principal cause of difficulty during the year was in the leasing division where there was severe competition and the company decided temporarily to lay up its Boeing fleet. By late December the position was so serious that a major reorganisation was necessary involving substantial redundancies together with the disposal of a number of aircraft from the scheduled service fleet following a thorough review of routes and the curtailment of marginal operations.

	1976 £000	1975 £000
Turnover	18,827	14,616
Trading profit	133	477
Interest to parent	130	57
Extra-ord. credit	41	—
Pre-tax profit	90	420
Tax	Nil	Nil

‡ Profit on sale of case

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Peter Brotherhood.

Finals: R. and A. G. Crossland, Everard, Leadenhall-Sterling Investments, Liberty, Macfarlane Group (Clansman), B. and I. Nathan.

FUTURE DATES

Interims—	
British Assets Trust	Apr. 28
Concentric	May 18
Breedish [illegible]	May 18
Fundinvest	Apr. 25
Nat. and Commercial Banking	May 5
Finals—	
Alexys	May 19
Ayrshire Metal	May 17
Bowl Pulp and Paper	May 2
Davies and Newman	Apr. 26
Estate Duties Investment Trust	Apr. 27
Fairbairn Lawson	Apr. 26
Haden Carrier	Apr. 28
Macleilan (P. and W.)	Apr. 22
Nurdin and Peacock	Apr. 22
Pasolo (P.)	May 4
Shiloh Spinners	Apr. 25
Stylo Shoes	Apr. 26
Tozer Kemsley and Millbourn	Apr. 25

Bowater chief optimistic on further growth

THE TREND indicated by the figures for the opening months of 1977 at Bowater Corporation is encouraging and Lord Erroll of Hale, the chairman, is optimistic about the prospects for continuing growth.

Overall he looks for a continuation of the recent improvement in the earnings of home-based businesses, despite the depressed outlook for those concerned with the building industry. In North America, where earnings have tended recently to level out after rising steadily for a number of years, he detects signs of renewed improvement in the demands for pulp and paper although he expresses caution on the present over-supply in world pulp markets. In Europe and the Far East the efforts made to eliminate losses are proving successful and should particularly be reflected in the after-tax results for the current year.

Looking ahead through the rest of the year 1977, much is going to depend on the general levels of economic activity in the main countries in which the company operates. These, in turn, will be affected largely by the decisions taken by their respective governments.

As reported on April 1, pre-tax profit for 1976 rose from £52.9m. to a record £78.9m.

Although the North American companies continued to provide the larger part of profits, there was a notable increase in earnings from U.K. operations. These earnings were further improved by the acquisition of The Standard Check Book (Holdings) which extended paper conversion activities. Since the end of the year the company has also acquired Cross Paperware, which complements existing interests in the disposable tableware field.

The process of reorganisation and disposal of certain businesses has continued over the past year and Bowater has written-off, or provided for, extraordinary losses in 1976 of £5m.

During 1976, sterling devalued against the U.S. dollar by 16 per cent., resulting in a benefit to pre-tax profit in 1976 of £8.4m. On the other hand, the fall in sterling increased the cost of raw materials imported into the U.K. and not all of this increase could be recovered through higher sales prices. A further depressive impact on our profits was incurred through the premium at which the Canadian dollar stood for most of 1976 relative to the U.S. dollar.

Overall term debt and bank borrowings increased in 1976 by £68m. Of this, £24m. represents actual net new borrowings, while £44m. is the effect of sterling devaluation on borrowings in foreign currency. This increase due to devaluation, however, was substantially less than the increase in sterling value of overseas assets, so that the net effect on shareholders' funds is an increase of £17m.

A funds statement shows that, in spite of the improvement in profit, there was an outflow of liquid funds of £32m. Working capital requirements increased by £58m., due to higher activity in most operations exacerbated by continuing high inflation rates in the U.K., devaluation of sterling and the increase in price levels of some international commodities. Capital expenditure in 1976 amounted to £45m. and a somewhat higher level of expenditure is envisaged for 1977, the chairman says. Of £110m. world-wide bank borrowings at the end of 1976, no less than £65m., was utilised in trading.

Referring to forestry resources, Lord Erroll says that in the southern U.S. over the past 25 years the company has acquired or leased about 1m. acres which, with the timber growing thereon, have a book value in excess of $U.S.100m. Climatic and soil conditions in the south permit tree growth to maturity in as short a period as 25 to 30 years and the U.S. mills currently draw some 15 per cent. of their fibre requirements from these timberlands—this proportion is expected to exceed 30 per cent. in the 1980s.

In Canada, Bowater owns or leases over 7m. acres of timberlands. These are capable of supplying all the wood requirements of the Corner Brook, Newfoundland and Mersey, Nova Scotia mills.

In the U.K., although the company does not own standing timber, it has long-term contracts with the Forestry Commission and private growers for domestic wood supplies drawn mainly from Wales, Scotland and northern England.

Meeting, Dorchester Hotel, W., May 13, 11.30 a.m.

Statement, Page 29

See Lex

Scottish Mortgage progress

GROSS INVESTMENT income of Scottish Mortgage and Trust Company increased from £5.87m. to £5.30m. for the year to March 31, 1977 and revenue before tax was £4.55m. against £3.82m.

Stated earnings are up from 2.58p to 3.18p per 25p share and the dividend total is raised from 2.4p to 3p net, with a final of 2.1p.

Asset value per share is 139.2p (131.2p) after prior charges at par.

L & G attracted by Gilts

BY ERIC SHORT

The annual report and accounts for 1967 of **Legal and General Assurance Society** — the second largest life company in the U.K. — shows that in common with almost all insurance companies, it found the high yields on gilts very attractive. Out of the £209m. *available for investment last year* in the life fund, no less than £187m. was put into fixed interest investments and a further £17m. into property and only a net amount of £5m. into equities. Most of the £15m. investment in the general fund went into fixed-interest securities.

Lord Harcourt in his last statement before retiring from the chair, points out that there were two prime factors that influenced this investment pattern for 1976. The first was the substantial existing holdings in equities and property, the company has for many *years put considerable emphasis* on property investment and has a higher proportion of property in its portfolio than the industry average. So the high yields available on gilts gave the company the opportunity to alter the balance of its portfolio.

The second reason is that the *emphasis now has to be placed* on current yields in valuing life company liabilities for statutory purposes which, with the wide difference between current yields on gilts and equities, makes it more attractive to hold gilts vis-a-vis equities.

However, the balance-sheet shows that at the end of 1976 L and G still had one-third of its life fund investments, which *totalled £2.25bn., in property* and a further 22.6 per cent. in equities. But gilt holdings doubled on *the year to £446m. — nearly 20* per cent. of the portfolio. In the general fund portfolio, gilts and *other fixed-interest investments* comprise over 50 per cent. of the overall portfolio value of £132m.

During the year premium income on long-term business jumped by 27 per cent. to £381m. and investment income by 33 per cent. to £177m. Claims and ex*penses and other items*, however, nearly doubled to £241m. so that over the year the life fund increased by £300m. to £2.16bn. Premium income on short-term business was 30 per cent. higher at £109m. and claims and expenses rose by 26 per cent. to £92m. The annual valuation of the long-term fund by the actuary *revealed a surplus of £52m., of* which £41.1m. was allocated to policyholders' bonuses and £6.7m. to profit and loss account.

The bonus rates declared for 1976 were at a record level, but Lord Harcourt points out that the portion of surplus had been *reduced to 14.2 per cent. from* 15.2 per cent. in 1975. This reflects the changing pattern of business done by the group. The proportion of non-profit business is declining compared with with-profit business and shareholders are entitled to all profits on non-profit business but only 10 per *cent. of profits and with profit* business.

If this trend continues the proportion of surplus will not be much higher than 10 per cent. But Lord Harcourt still considers the return to shareholders to be at a very satisfactory level.

The company (the leading pensions concern in *Europe*), maintained its level of pensions business in 1976 despite the many restrictions imposed by the Government's pay policy. Lord Harcourt regards this as a remarkable achievement and points out that there continues to be a strong underlying demand for good *occupational* pension schemes. But progress on negotiations to adapt schemes to the *requirements* of the Social Security Pensions Act 1975 had been disappointingly slow and *he thought that the Government*, in the light of the miners' agreement over early retirement, must remove pension restrictions in the next stage of the pay policy.

He emphasised that L and G was not, in general, recommending small schemes to contract out of the new state scheme but otherwise the preferable course was for the employer to set up his own company scheme to provide pensions for employees.

BIDS AND DEALS

Brooke Bond expands

Brooke Bond Liebig through subsidiaries has acquired control of two overseas companies for a total consideration of around £960,000.

Brooke Bond Liebig France has bought a 62 per cent. stake in Confitureries et Conserveries Europeennes (France) from W. R. Grace of New York, plus a further 7.5 per cent. interest from elsewhere. The exact price has not been fixed but is unlikely to be in excess of Frs.4.9m. (£580,000).

CCE, which trades under the name of Materne, has a substantial stake in the French jam market.

Liebig's Extract of Meat, has bought a 51.25 per cent. stake in Distribuidora Insular de Productos Alimenticios of Las Palmas de *Gran Canaria for just under* £380,000. DIPA is described as the largest importer and distributor of meat products in the Canary Islands.

MATTHEWS SELLS FRENCH INTEREST

Matthews Holdings, is to reduce its holding from 78 per cent. to 45 per cent. in French company Boucheries Bernard, one of its strongest profit contributors last year.

French institutions have paid £1.6m. to Matthews and a further £1m., on an instalment basis, is to be paid by trustees acting for Boucheries Bernard employees. Matthews has also announced its willingness to reduce its stake further to 35 per cent. but says that it would thereafter "be determined to retain its substantial stake in a strong and expanding company."

Matthews made no secret of the fact that the sale was made reluctantly on the part of the Board, but the effect will be to reduce borrowings associated with the holding by some £5.5m. which will in turn halve the ratio of debt/shareholders' funds. The effect on earnings, because of the saving in interest, is likely to amount to only 0.2p per share on an historical basis.

NO PROBES

The following mergers are not to be referred to the Monopolies Commission: International Stores and F. J. Wallis; Prudential Assurance and Standard Trust; Coventry Climax and the forklift truck operations of Rubery Owen conveyancer; U.S. Debenture Corporation and London Scottish American Trust.

SCOTT. HERITABLE

Scottish Heritable Trust has entered into agreements which gives it the option to acquire the capitals of Kayam **Carpets** and its holding company, **Kayam Holdings**.

Kayam Carpets trades as importers and exporters of Oriental carpets, mainly from China, and sells wholesale in the U.K. and abroad. The companies are controlled by Mr. Joseph Nehorai and his family.

BOC PURCHASE

BOC has acquired a minority share holding in **Hall Automation** of Watford, a company specialising in the development and manufacture of work handling automation systems and industrial robots.

The consideration involved is not material in relation to the net assets of BOC.

BTR/SILENTBLOC

BTR has sent out the details of its offer to acquire the 73.6 per cent. of **Andre Silentbloc** that it does not already own. The bid, which has already been rejected by the Silentbloc Board, is 50p cash per share or one BTR share for every 4 Silentbloc shares—worth, at last nights closing price for BTR of 192p, 48p per share. Silentbloc ended yesterday 1p higher at 33½p.

Merchant bankers Hill Samuel, financial advisers to BTR, claim that since the abortive bid for Silentbloc six years ago the earnings of BTR *have risen by a com*pound 39.4 per cent. per annum compared with a 16.4 per cent. compound rate for Silentbloc.

RIT URGES ACCEPTANCE

The directors of **Rothschild Investment Trust** have aagin written to shareholders of **Bridgewater Estates**, urging them to accept the 200p per share cash offer.

The letter refers to the esti*mated* asset value of Bridgewater as put forward by that companys Board and points out that, while it does not disagree with the £5.4m. placed on land and buildings on an open market basis, the valuation contains no allowance for any liability for tax which would arise if the assets were *realised*.

Rothschild estimates that the capital gains tax and corporation tax liability amounts to 89p per share. It further claims that it is unlikely that Bridgewater shareholders would receive more than 200p per share through a liquidation and that, if the RIT offer fails, it is "probable that the market quotation for your shares will again be significantly less than 200p.

CHARTERHOUSE JAPHET

Charterhouse Japhet, the merchant banking subsidiary of Charterhouse Group, has agreed to amalgamate its insurance interests with those of **Magna Assurance**.

Magna will become the principal operating company, with Charterhouse Japhet Life Assurance and *Charterhouse Japhet Reassurance* as its subsidiaries.

The equity of Magna will be owned 61½ per cent. by Charterhouse Japhet and the balance by existing Magna shareholders. As a result of this malgamation of interests, Magna will have capital of £500,000.

DISCLOSURES

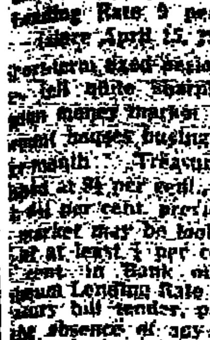
London and Lombard Investment Trust: Legal and General Assurance Society holds 1,089,364 (8.9 per cent.) Ordinary shares, £6,417 4½ per cent. Preference stock (7.1 per cent.) and £26,355 5½ per cent. Preference stock (8.8 per cent.).

Horizon Midlands: Thomas Organisation holds 220,237 Ordinary shares (5.005 per cent.).

Y. J. Lovell (Holdings): Norwest Holst has a beneficial interest in 328,000 Ordinary shares.

MONEY MARKET

MLR cut possible



Bank of England Minimum Lending Rate 9 per cent (since April 15, 1977)

[illegible] fell quite sharply in the [illegible] money market yesterday. [illegible] buying rates for [illegible] month Treasury bills [illegible] at 8¼ per cent, compared [illegible] per cent previously, and [illegible] market may be looking for a [illegible] of at least ½ per cent to 8¼ per cent in Bank of England Minimum Lending Rate at to-day's Treasury bill tender, particularly [illegible] absence of any signal on interest rates from the authorities yesterday.

Day-to-day credit was in short supply and the scale of help given by the Bank of England was extremely large. The authorities bought a moderate amount of Treasury bills from the houses and a small number of local authority bills. Help was also given by lending a very large amount overnight, at Minimum Lending Rate, to five or six houses.

Banks carried forward surplus balances and the market was also helped by a fall in the note circulation. On the other hand there was a net market take-up of Treasury bills to finance a substantial excess of revenue payments to the Exchequer over Government disbursements, and settlement of official sales of gilt edged stock.

Discount houses paid 8-8½ per cent. for secured call loans at the start, and closing balances were taken at 8-9 per cent.

In the interbank market overnight loans opened at 8-8½ per cent., and ranged between 8 per cent. and 9 per cent., before closing at 10 per cent.

Rates in the table below are nominal in some cases.

April 21 1977	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-10	[illegible]	—	—	9	8 9	—	—	—
[illegible]	—	—	8¾	—	—	—	—	—	—	—
[illegible]	—	8⅞-8⅞	8¾	—	8½ 8¾	9	8 8⅝	—	—	—
One month	8¼-8⅜	8⅝-8⅞	8⅝-8⅞	10 9¾	8⅞ 8¾	9½	8¼ 8⅜	8¼ 8⅜	8⅝ 8⅝	9½
[illegible]	8⅜-8⅝	8⅝-8⅞	—	9½ 9¼	8⅞ 9	—	8 8⅝	8⅛ 8⅜	8¾-8⅞	9⅛
[illegible]	[illegible]	8⅝-8¾	8⅝ 8¾	9⅝ 8¾	8⅞-9⅛	—	8¼	8⅛	8⅝	9⅜ 9⅛
[illegible]	[illegible]	9⅛ 9⅛	8-9	9⅝ 9⅛	9⅛ 9⅛	—	—	—	8⅝	9⅜ 9⅛
[illegible]	9⅛ 9	9⅛	—	9⅝ 9⅛	9⅛	—	—	—	—	—
[illegible]	9⅛-9⅛	9⅛ 9⅛	10⅛ 10⅛	10-9⅛	10⅛	—	—	—	—	—
[illegible]	—	—	11⅛ 11⅛	—	—	—	—	—	—	—

[illegible] authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage [illegible] Clearing Bank Rates for lending 9½ per cent. Treasury bill [illegible]

£1.37m. record for GHP

FOR 1976, metallurgical, mechanical and electrical engineers GHP Group almost doubled its taxable profit from £0.69m. to a record £1.37m., on turnover slightly down to £16.66m., against £17.06m.

The directors state that the present position of the company justifies expectation of a further increase in profits for 1977. In the longer term, they are confident that major capital expenditure programmes now being embarked upon will be amply justified in the profitable exploitation of world markets.

Turnover in 1976 reflected production without dependence on sub-contracting and the anticipated pattern of growth, which was interrupted in 1975, was re-established. Profits in the second half exceeded expectations, they add.

Although the level of demand at home remains depressed in many areas, direct and indirect interest in the company's export markets is buoyant, they report. Benefits will be forthcoming from the new capital investment at Langley Alloys, a subsidiary, as well as by elimination of losses on hydraulic power supply.

Earnings per £1 share are shown at 32.5p (16.2p) and the dividend is lifted to 8.04p (7.31p) with a net final of 5.01p.

	1976 £000	1975 £000
Turnover	16,5[illegible]	17,060
Pre-tax profit	1,37[illegible]	6[illegible]
Taxation	[illegible]	[illegible]
Extraord. debit	7[illegible]	116
Leaving	[illegible]	[illegible]

Marshall (Loxley) nears £1m.

ON turnover increased from £10.85m. to £13.4m., fireclay refractories manufacturer, Thomas Marshall and Company (Loxley) achieved record taxable profits for 1976 of £960,454 against £867,271. At midway, profit was steady at £430,000 (£425,000).

The directors say that a further increase in profit should be seen in 1977 but if inflation continues at a near 20 per cent. level and sterling is held steady, the company's international competitiveness will be reduced.

During the current year, over 50 per cent. of production will be exported they add and plans for development are very largely based on further penetration of export markets.

Earnings per 25p share are stated at 7.74p (6.55p) and the dividend is stepped up to 2.227p (2.025p) with a net final of 1.227p.

After tax £504,031 (£458,144) net profit emerged as £456,423 (£409,127).

Good start for Crane Fruehauf

The current year has begun well for Crane Fruehauf and the level of orders in all parts of the company is healthier than it has been for over two years, Mr. Angus Murray, the recently appointed chairman, says in his annual statement.

Because of the stated intention of the Fruehauf Corporation to make a further bid, should the Monopolies and Mergers Commission permit, he is only able to repeat the earlier forecast of a substantial advance in profit for 1977/78, he says.

As reported on March 4, pre-tax profit for the 53 weeks to January 1, 1977, was £1.51m. against £111,000 for the previous 52 weeks. On a current cost accounting basis the profit would have been reduced to £738,000.

Sales were up at £47.68m. (£33.68m.) with exports better at £10.23m. (£7.78m.), and the net dividend is stepped up to 2.15p (0.88679p). At year end net liquid funds showed an increase of £2.11m. (decrease £0.62m.) with short term loans and overdrafts down £1.73m. (up £0.68m.).

Attributable profit at £0.42m. (loss £0.21m.) was adversely affected by the abnormally high tax charge due mainly to the exchange loss on a Eurodollar loan now terminated not being allowable as a charge against taxable profit.

Fruehauf International holds a 33.3 per cent. interest.

A geographical analysis of turnover shown in £000s: U.K. 35,906 (24,888). Rest of Europe 6,031 (4,191). Middle East 3,401 (3,604). Asia and Australasia 1,001 (700). Africa 1,137 (295). Meeting, Connaught Rooms, W.C., on May 12, at noon.

Tanners to issue summons against NEB

The National Enterprise Board is now facing legal action over its plans to take a major stake in Britain's tanning industry. Its proposal to put up £3m. for a 50 per cent. interest in the tanning operations of the Barrow Hepburn Group is under fire from other companies in the industry.

Leather tanning companies, who together claim to represent 90 per cent. of the industry outside Barrow Hepburn, confirmed that to-day they will be issuing a summons asking for a ruling that the proposals are contrary to the NEB's statutory guidelines.

Following written protest from the companies, the NEB has already denied the proposals breach its guidelines and has said it is not prepared to drop the plan.

The tanners said last night they hoped the NEB's solicitors would co-operate so the matter can be settled speedily. But a spokesman for the companies stressed that in the event of the ruling going against them, they would be considering an appeal. "It is our intention to see this as far as it will go," the spokesman commented.

BLANTYRE TEA PAYING 23p

For the year ended September 30, 1976, Blantyre Tea Holdings is raising its dividend to 23p, not maintaining it at 15.27p as reported yesterday.

Because Blantyre trades almost exclusively abroad it is not subject to current U.K. dividend controls.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Lower sales growth rate at Saab-Scania

BY WILLIAM DULLFORCE STOCKHOLM, April 21.

SAAB-SCANIA, the Swedish commercial vehicle, car and aircraft manufacturing group, anticipates a somewhat lower rate of increase in sales for most of its products this year and earnings are not expected to keep pace with the growth in turnover. The shareholders' report for 1976 released to-day also confirms that the Saab car division is operating at a loss.

The group reported pre-tax earnings of Kr.255.5m. (£34m.) last year on sales of Kr.9.6bn. (£1.28bn.), a decline of Kr.77m., despite the 22 per cent. rise in turnover. If cost-calculated depreciation had been applied, earnings would have fallen from Kr.281m. in 1975 to Kr.187m.

For the first time, the shareholders' report gives a profitability breakdown, showing that both the car and computer divisions made losses last year. The Scania truck and bus division yielded 14.5 per cent. on total capital employed before tax, while the aerospace division, which operates mainly on contracts for the Swedish air force and had sales of just over Kr.1bn., returned 15.3 per cent. The return on capital for the group as a whole was 6.3 per cent., a fall of 1.4 per cent. from 1975.

The car division contributed 30 per cent., or Kr.2.85bn., of total sales. Altogether 95,900 cars were made compared with a capacity of 112,000 and less than 87,000 were sold during the year. The setback was most severe in the North American market, where sales dropped by 36 per cent., or by over 5,000 cars.

In December Saab announced a cutback in output for the first six months of this year, in order to clear unsold stocks. Planned production for 1977 as a whole is only 83,400.

The shareholders' report notes that a major investment programme was decided on last autumn for the car division, involving model development, an increase in capacity for the Saab 99 series, greater automation in manufacturing and a reinforcing of the marketing organisation.

The Scania division, which contributed 48 per cent. of group turnover, improved its return on capital last year. Output of trucks and buses was just under 21,000 and nearly 22,000 were sold, an increase in volume of 17 per cent. to a new record level.

EUROBONDS

Bowater seeking $50m.

BY MARY CAMPBELL

BOWATER last night announced a $50m. 15 year issue, offering an indicated 9¼ per cent. coupon. This is the fourth Eurobond issue by a British borrower to be announced since Tuesday, following ICI's DM150m. issue, and Reed International and United Biscuits which are each in the market for $30m.

The lead manager for the Bowater issue is Crédit Suisse White Weld. The co-managers are Barings, Swiss Bank Corp and Union Bank of Switzerland. A sinking fund will reduce the average life of the issue to 11.76 years.

Of Bowater's £84.9m. profits last year, £60.3m. were attributable to its North American operations.

The U.S. dollar sector of the Eurobond market was again quiet yesterday with if anything a generally lower tendency, dealers reported. This is the first significant sign of weakness since before Bell Canada and Ontario Hydro were launched, a month ago. So far, however, dealers suggest that this is more a market reaction in the face of the continuing high volume of new issues, rather than a reflection of any underlying change in trend.

Two further new issues were announced yesterday. They are $60m. for five years for Ashland Oil (G.B.) and $20m. for Kajima (Overseas).

The Ashland issue offers 7¾ per cent. for a final maturity of five years with Banque de Paris et des Pays Bas as lead manager. There are two unusual features of the issue: first, the guarantee by the U.S. parent company is subordinated. Second, a sinking fund will operate to cut the already short maturity to a 3½ year average life.

Despite its size and the less-than-prime quality of the borrower, initial reactions to the Ashland issue were extremely favourable, suggesting that this is yet another case where Eurobond investors are prepared to pay less attention to the quality of U.S. corporate names than investors in the United States.

The D-mark sector of the market has pulled up sharply again. Announced yesterday was a DM500m. financing for the World Bank with Deutsche Bank as lead manager.

BONDTRADE INDEX

	Yesterday	Wed.
Medium term	103.00	103.00
Long term	95.77	95.72
Convertible	109.40	108.70

In yesterday's Financial Times it was stated that the International Commercial Bank was liquidated a year ago. This should have read International Credit Bank.

Trading loss in 1976 for Haw Par

SINGAPORE, April 21.

HAW PAR Brothers International Ltd. (HPBIL) said the results for the financial year 1976 will have an overall trading loss, substantially increased by provisions to be made against certain capital assets, particularly relating to shipping.

The unaudited interim results for the half-year ended June 30, 1976, issued last September showing a group net loss of S$8.59m. (loss S$0.79m.) did not contain capital losses in the shipping division, which will be dealt with in the report and accounts for the year ended December 31, 1976, it said.

This was stated in a release concerning offer documents HPBIL will be despatching to-morrow to holders of Haw Par (London) Ltd's 4½ per cent. Convertible Redeemable Guaranteed Preference shares.

The statement said the board of HPBIL considered it appropriate the offer be extended to other convertible shareholders as soon as possible on the same terms.

However, the complete annual report and accounts will not be posted to shareholders until June 1977.

"The board of HPBIL considers that the offer should be made now instead of after the publication of the 1976 results because of the large time lag between the initial announcement of the offer on March 18 and the anticipated publication of the report and accounts of HPBIL in June," it said.

The statement added HPBIL has also taken into consideration the fact that certain major convertible shareholders have realised their holdings for cash.

Loan of £28m. for Industrie Zanussi

By Paul Betts

ROME, April 21.

INDUSTRIE ZANUSSI, one of Italy's leading manufacturers of domestic appliances, has secured a Sw.Frs.120m. (about £28m.) loan to finance the company's exports, which currently represent about 40 per cent. of the group's turnover which in 1975 totalled L423bn. (about £282m.).

The loan, which matures in December, 1980, and has a fixed interest rate of 6 per cent., is understood to be the largest of its kind granted to an Italian company in the last few years.

The loan was obtained by Ultrasin AG of Zurich, which forms part of the Italian banking group, Banco mAbrosiano, on the Swiss capital market, together with a group of six other banks. The consortium of nine Italian banks have guaranteed the loan.

WINEFOOD

Detailing the background

BY PAUL BETTS ROME, April 21.

THE MILAN-based international wine and food company, Winefood, which was reported to be involved in the Credit Suisse affair, which according to some accounts could result in "losses" to the Swiss bank of at least Sw.Frs.500m., to-day officially told the Financial Times that its operations had "nothing whatsoever to do with the alleged financial speculations of the Chiasso branch of Credit Suisse."

The company's official spokesman, Sig. Giovanni Riolfo, at the same time, asserted to-day that "the only shareholder" of Winefood's parent company—International Wine and Food Company of Mauren, in Leichtenstein—was "Credit Suisse in Zurich." He claimed that Winefood's association with Credit Suisse had "absolutely no connection" with the reported affairs of the Swiss bank's branch in Chiasso.

Since the company was set up in 1968, he added, it has been "entirely" financed by Credit Suisse in Zurich. Winefood, he said, had originally been the idea of its current general manager, Sig. Alberto de Marchi, who, he said, after failing to find the necessary initial capital in Italy to establish the company, turned to the Swiss bank, which, according to Sig. Riolfo, decided to back the venture.

Credit Suisse of Zurich had already subscribed entirely to Winefood's latest capital increase to be approved by "its shareholders" on June 29. This, according to a separate communiqué issued by the company to-day, will increase Winefood's capital from L26bn. (about £17m.) to L33bn. (about £22m.).

Winefood SpA was originally founded in Milan with an initial share capital of Lire 20m., which rose in the same year to Lire 900m. after two capital increases. Its Liechtenstein-based parent holding company has, according to Winefood's official trade publication, Winefood Press, principally intervened in subscribing to subsequent capital increases which have raised the Italian company's capital from Lire 900m. to Lire 3.7bn., then to Lire 6.2bn., Lire 13.64bn. and to Lire 26bn. by 1975.

According to to-day's official communiqué, Winefood groups together with 44 Italian and foreign subsidiaries which operate chiefly in Italy in the wine, food, hotel and services sectors. Last year, the group's turnover was put at Lire 102bn., representing a 64 per cent. increase on the previous year. Exports, last year, the company said, accounted for 35.5 per cent. of Winefoods' turnover. The company made a profit of Lire 91m., compared to Lire 73m. in 1975.

Since 1969, Winefood has been buying some of Italy's most celebrated vineyards—including the Frascati wine produced by Fontana Candida and Tuscan Chianti Melini. It has an international distribution network with representatives in the United States, France, the Low Countries, Germany and Canada. In the United States, Winefood launched Lambrusco, an Italian "fizzy" wine, promoting it as "red Coca Cola."

It recently bought a 42 per cent. stake, according to Sig. Riolfo, in the spirit manufacturing company of Landy Freres, an old-established Bologna-based company noted for its brandy. It has also bought a controlling stake in the Silva Bianchi distribution company of Milan which distributes in Italy leading international brands of spirits.

CREDIT SUISSE officials in Zurich declined to comment on the assertion of Mr. Giovani Riolfo that the Swiss bank was the sole shareholder of International Wine and Food Company of Mauren in Liechtenstein which in turn owns Winefood SPA the Italian company based at Corsico near Milan, reports David Egli from Geneva. According to Credit Suisse management it is not possible at this time to provide any precise figure on the losses involved to the bank as a result of unauthorised investments by its Chiasso branch. It was indicated that the company's own auditors, plus two outside auditing firms, specially called in, were presently going over the accounts of the Chiasso branch and that it might be several weeks before a clear picture emerged.

Zurich Insurance profit rise

BY JOHN WICKS ZURICH, April 21.

NET PROFITS of Zurich Insurance Company, Zurich, rose to Sw.Frs.43.15m. last year, compared with Sw.Frs.38.2m. for 1975, despite a deterioration in the underwriting result. The improvement was brought about by an increase in the company's capital earnings and a reduction in depreciation on securities. Gross premium income was up 6 per cent. to Sw.Frs.2.54bn. and would have improved by as much as 15.2 per cent. had there been no alterations in the exchange rates.

The Board is to recommend payment for the year of an unchanged dividend of Sw.Frs. 200 per share, with transfer of an increased sum of Sw.Frs.12m. (Sw.Frs.10m.) to special reserves.

* * *

OERLIKON-BUEHRLE, the Swiss-owned industrial group, improved its turnover by some 20 per cent. last year to Sw.Frs. 2.35bn. (Sw.Frs.1.96bn.), group profits rising from Sw.Frs 120.4m. to Sw.Frs.158.3m. over the year. The actual rise in group profits was, in fact, slightly less than this owing to additional reserves called for by fiscal considerations in 1975.

The parent company, Oerlikon-Buehrle Holding AG, of Zurich, recommends payment for the year of an increased dividend of 14 (12) per cent., following a rise in its net profits to Sw.Frs. 36.8m. (Sw.Frs.32.3m.). At the same time, shareholders will be asked to approve a Sw.Frs.50m. capital increase. A nominal Sw.Frs.46m. will result from the issue of one new share to existing stockholders on every five existing shares, the remaining Sw.Frs.4m. reserved for a planned employee participation scheme. The Buehrle family will make use of its drawing rights on 53 per cent. of the capital.

* * *

SAFIT SOUTH AFRICA Trust Fund has announced a sharp cut in dividend from Sw.Frs.14 to Sw.Frs.9 per certificate. The concern is an investment fund administered by Intrag AG, Zurich, an affiliate of Union-Bank of Switzerland. This has been necessary in the light of reduced dividends paid in the year under report—that ended March 31, 1977—by nearly all South African gold mines, as well as due to the weakness of the rand currency and the decline in money-market interest rates.

Another Intrag fund, Canac, which has a portfolio of Canadian shares, is dropping its dividend from Sw.Frs.3.10 to Sw.Frs.2.40 owing to the increase of Canadian at-source taxes, the less advantageous exchange rate and lower money-market rates, while the Denac fund for retail-company shares is cutting its payment back to Sw.Frs.1.55 (1.80), following smaller stock dividends received.

An unchanged dividend of Sw.Frs.3.50 per certificate is foreseen for a fourth Intrag fund, Convert-Invest. Income of this fund, an investment fund for international convertible-bond securities, remained at about the 1975-76 level.

HASLER HOLDING AG, the Swiss engineering concern of Berne, recommends distribution of a slightly higher dividend of Sw.Frs.50 (48) per share for 1976. This will be possible in part owing to a 125-year jubilee bonus to be paid by the Hasler AG parent company.

Operational subsidiaries of Hasler Holding are reported to have shown considerable resistance to recession last year, turnover declining by a modest 2.1 per cent. to Sw.Frs.421.1m. (Sw.Frs.430m.) and new orders improving by 1.4 per cent. For this year the group, important in the fields of telecommunications equipment and signals, records a slight rising trend in sales and orders.

AMERICAN NEWS

Occidental's earnings rise

NEW YORK, April 21.

OCCIDENTAL PETROLEUM has declared first quarter net earnings of 45c a share, compared with 26 cents a year ago, reports Reuter.

Net profit for the three months was $33.3m. ($20.4m.). Sales $1.46bn. ($1.1bn.).

Fully diluted share net earnings for this year's first quarter was 41 cents. Year ago fully-diluted share net was not given because the results would have been anti-dilutive.

It said North Sea liftings which began in January are expected to build up throughout the year as new wells are brought into production. Occidental's 1977 earnings therefore should be significantly above the 183.7m. earned in 1976.

Occidental Petroleum said that throughout the first quarter oil and gas division earnings were substantially higher than last year mainly from Libya.

Kaiser Industries liquidation

THE LIQUIDATION of Kaiser Industries Corporation, in a move valued at $560m. to $610m., has been approved by the corporations shareholders. This follows the initiation of such a plan last year.

Involved is the distribution to the shareholders of its holdings in Kaiser Aluminium and Chemical (38 per cent.), Kaiser Steel (56 per cent.), and Kaiser Cement and Gypsum (37 per cent.), together with the proceeds of the sale of its direct operations.

Distribution of the holdings will probably begin in early June, according to Mr. William R. Roesch, president and chief executive. It is intended to complete the liquidation within three years of the issuance of a certificate of dissolution by the State of Nevada, where the company is incorporated.

The value of Kaiser Industries holdings in the three affiliated companies is said to have been $416m. as at April 14, while the value of net assets was in the range of $144m. to $201m.

The $560m. to $610m. range in the value of the liquidation gives a value of about $19.50 to $21.50 a share.

GOODYEAR TIRE

First quarter	1977	1976
Revenue	1.58bn.	1.45bn.
Profits	59m.	43.7m.
Per share	0.82	0.60

W. R. GRACE

First Quarter	1976-77 $	1975-76 $
Revenue	902.8m.	807.2m.
Profits	24.4m.	29.2m.
Per share	0.65	0.78

MINNESOTA M & M

First Quarter	1976-77 $	1975-76 $
Revenue	935.2m.	827.9m.
Profits	86.7m.	68.9m.
Per share	0.75	0.60

CBS INC.

First Quarter	1976-77 $	1975-76 $
Revenue	634.9m.	516.3m.
Profits	33.0m.	27.8m.
Per share	1.16	0.97

* Estimated.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Dutch institutions plan U.S. property investments

BY MICHAEL VAN OS AMSTERDAM, April 21.

DUTCH institutional investors intend to step up considerably their activities in the U.S. commercial property market. For this purpose, a new company is being set up in the U.S. at the initiative of Blauwhoed, the property arm of the Dutch Pakhoed group, and the new operation could have a portfolio worth around Fls.500m. to invest in "high-quality, income-producing U.S. real estate."

The company, which is called Hexalon Real Estate Corp., will shortly announce a share issue in which Blauwhoed and a group of four major Dutch institutional investors are expected to subscribe Fls.160m. The group is not committed to injecting into HRE any additional funds it may want to invest in the U.S. At a later stage, it is understood, HRE's capital may exceed the Fls.160m. somewhat, since other small Dutch institutional investors and also Dutch private investors will be in a position to subscribe to the share issue.

The groups taking a dominant interest in HRE are, besides the Pakhoed subsidiary, Ago Life Insurance Co., of Amsterdam, Centraal Beheer Pensions Insurance, of Apeldoorn, Unilever's "Progress" Pension fund in Rotterdam, and Robeco, the Rotterdam-based large investment complex.

Most of the Dutch companies already participate in Hexalon B.V., a Dutch operation, which exclusively invests in U.S. commercial property and which commenced activities there in 1975 with an equity capital of Fls.124m.

The statement from Pakhoed in Rotterdam added, however, that this company was nearing completion of its subsidiaries' investment portfolios and by the end of the year the total portfolio value is expected to reach about Fls.350m. invested in 11 U.S. States.

A spokesman for Hexalon B.V. said in Rotterdam that European interest in the U.S. property market was clearly building up. The Germans are very active, the Swiss had already established a foothold earlier, while the French were now also moving into the U.S. market.

● Bank Mees En Hope saw its 1976 net profits rise by 24.3 per cent. to Fls.27.1m., an increase which was partially attributable to non-recurrent income from the sale of several minority interests and buildings.

In the annual report, published here to-day, the bank describes its profit performance as "satisfactory" considering the modest cyclical improvement in the economy and the unexpected and very strong interest rate fluctuations during the year. As for the current year, operating results should rise and results in the first two months have given the bank "confidence" for the future.

Last year was the first full year BMH operated as a subsidiary of ABN, though the formula—as is the case with Amro bank and its subsidiary Pierson's—is that the bank is carrying on business under its own name and management, though BMH is no longer quoted.

The bank's annual report states that business is being concentrated in three main areas—servicing large and medium-size companies in and outside Holland, international trading, particularly in staple products, and servicing institutional investors and wealthy private clients.

The reports goes on to show that despite the increase in special income, total revenue remained unchanged in 1976 at about Fls.202.3m. With the aid of lower depreciation and staff costs, the pre-tax profit rose to Fls.39.5m. (Fls.34.9m.) however. Interest income was up marginally to Fls.135.1m. (Fls.134.6m.), commission income was up to Fls.53.1m. (Fls.48.3m.), and income from securities and syndicates was down sharply to Fls.7.5m. (Fls.14.7m.).

BMH's consolidated balance sheet total, after profit distribution, rose to Fls.6.26bn. at the end of 1976, from nearly Fls.5.5bn. the year before.

S. Korea opens up insurance market

BY ERIC SHORT

THE SOUTH Korean Government is to allow foreign insurance companies to operate in its domestic insurance market, probably from next month. This news was given recently by the Finance Minister Mr. Kim Yong-Hwan who stated that the foreign insurance companies wishing to operate in South Korea could do so either by a joint venture with domestic insurers, or by setting up their own branches. But he pointed out that only insurance companies which were major international companies or were major operations in their own country, and which could contribute to both internal and international operations of South Korean insurance companies, would be allowed to operate.

At present there are 20 domestic insurance companies in South Korea—six life companies, 13 non-life and one reinsurance company. There are ten foreign insurance companies in South Korea—seven life and three non-life, and all are American. But these are only allowed to insure the lives and property of foreign military personnel and foreign civilians in the country.

This move to open up the South Korean insurance market has been brought about by the spectacular economic growth of the country which has put increasing demands on the local insurance companies both in servicing the growing complexity of local insurance risks and in providing support for Korean exporters and contractors outside Korea. The foreign insurance companies will provide both expertise and expand the capacity of the insurance industry as a whole.

The intention is that the domestic insurance market will be opened gradually to foreign insurers. At first they will only be allowed to handle fire insurance and then marine. Foreign companies wanting to operate jointly with South Korean companies will be able to acquire up to 30 per cent. of the share capital of their partners.

Financial sources stated that the first foreign insurers likely to enter the South Korean market would be Royal Insurance of the U.K.—most probably through a joint venture—and American International Underwriters of the U.S. by means of a business licence for a liaison branch. The Royal confirmed that a fact finding team had just returned from the country but their report was still being prepared.

A key factor in any decision would be the actual details of the impending legislation which would be required for opening up the country to foreign insurers. It is considered likely that Royal would be on the approved list of companies.

FOREMOST-McKESSON INC.

Why Sharon withdrew

BY ART GARCIA IN SAN FRANCISCO

WITH WALL STREET giving little recognition to many companies with solid assets and good management it has become open season for mergers and acquisitions. Most usually, it is a larger company seeking to inhale and digest a smaller operation. Sometimes, however, it's David after Goliath.

Such was the case in the year-long attempt by Sharon Steel Corporation of Pennsylvania to swallow Foremost-McKesson, a New York Stock Exchange listed food, drug and chemical company here whose sales in fiscal 1976 totalled $2.6bn., against Sharon's 1976 volume of $367m. This time, though, David was tripped up in a major setback for Victor Posner, the reclusive Miami financier and veteran of many similar but successful takeover wars.

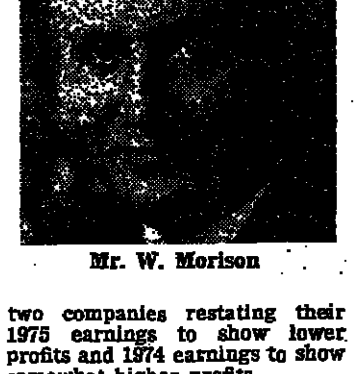
What started as an alley fight ended quietly when Sharon, which along with several other companies is controlled by Mr. Posner, dropped its proposed tender offer for 80 per cent. of Foremost-McKesson's stock.

The steel company is 86 per cent. owned by NVF Corporation, another Posner venture. The planned takeover began in February of 1976 when Sharon reported that it had purchased shares of Foremost, which responded by going to court to try to block what it correctly saw as the first move in a Posner takeover effort. The struggle's end was signalled by a restatement last month of Sharon's 1975 earnings which nearly halved reported profits from $14.6m. and $1.96 a share to $8m. and $1.07 a share.

Shortly after that announcement, Sharon withdrew its offer to exchange subordinated debentures for up to 80 per cent. of Foremost's shares. Sharon, which now holds just under 10 per cent. of the San Francisco company's stock, said it had decided the tender offer "was no longer in the best interests of Sharon and its stockholders." The company also indicated it hasn't determined whether it will retain the Foremost-McKesson shares it already owns.

Even before Mr. Posner could make a formal proposal for the shares that would have given him control of Foremost, that company's management and directors began fighting back by filing suits against him and Sharon Steel, claiming Mr. Posner had been involved in questionable financial dealings.

The Securities and Exchange Commission also launched an investigation into the steel concern's financial condition, a move that came just before the company and its parent NVF admitted in January that accounting changes were being made that probably would result in the two companies restating their 1975 earnings to show lower profits and 1974 earnings to show somewhat higher profits.



Mr. W. Morison

Foremost is not saying much publicly in response to Sharon's pullout, other than to comment that Sharon's decision was "entirely consistent" with its April 1 announcement that its previous financial statements for 1974 and 1975 "should no longer be relied upon." Foremost did say, however, it will ask the court to order Sharon to pay attorney's fees and other costs that amount to more than $800,000.

The publicity arising from the takeover battle has kept Foremost under a cautious surveillance by Wall Street. The Posner tender offer "has cast a cloud" over the way the financial community evaluates his company and slowed its efforts to attract new management talent and acquire new subsidiaries, complains William Morison, president and chief executive.

All along, he has denied claims that Foremost has been seeking a "sweetheart" merger to head off the Posner attack by obtaining additional friendly shares and reducing the corporate cash nest egg that has been one of its attractions. "Neither of the two acquisitions we made last year were done in a defensive mode," contends Mr. Morison. "Both of them fitted prior objectives we had announced publicly. We have not sought out a friendly haven and we are not seeking one now."

At the close of fiscal 1976, the company had $64m. in cash and bank deposits and earnings for the year of $33.9m., equal to $2.58 a share. Despite the shadow of Mr. Posner, Foremost has been moving ahead with the corporate strategy drawn up with the election of Mr. Morison to the top executive job midway through fiscal 1975. Mr. Morison, who will be 65 in November and who has been with the company 31 years, was the force behind formation of a new business development plan for the five-year period ending in 1980.

The goal is to generate more than $100m. from disposal of assets which are not returning an acceptable rate of return or which do not fit in with its growth objectives. As part of that plan to redeploy capital into businesses with more attractive long-term growth prospects, the company will be reducing some of its fat cash holdings—and perhaps lessening some of the appeal it may hold for others with designs similar to Mr. Posner's.

Confectioners warn on raw material costs

BY JAMES FORTH SYDNEY, April 21.

CONFECTIONERY groups, Nestlé and Rowntree Hoadley both reported higher earnings but warned that prices of their products would be affected by sharp increases in coffee and cocoa prices.

Nestlé (Australia) boosted profit from $A2.7m. to $A4.5m. in 1976 and paid its Swiss parent a record dividend of $A3.94m., compared with $A2.7m. in 1975. The Nestlé result was after deducting $A3m. for exchange losses and write-offs against its investment in the listed subsidiary, Cahills, which runs a restaurant chain in New South Wales.

Nestlé wrote another $A1.1m. off its Cahills investment. Total write offs in the 62 per cent. subsidiary are now $A4.6m., out of an original investment of $A5.6m.

Group sales rose 18 per cent. to $A157m., partly because of increased selling prices, but also from increased volumes in domestic and export markets. The directors pointed out that prices of the group's two major raw materials, coffee and cocoa beans reached all-time highs in 1976.

Rowntree Hoadley, wholly-owned by Rowntree Mackintosh of the U.K., lifted earnings from $A832,000 to $A1.4m. in 1976.

The company attributed the profit increase to the policy of rationalising the range of products. Over the past three years efforts have been concentrated on ten major product lines. The chairman, Mr. K. A. Brown said that despite the improvement the return on funds employed remained low by conventional standards. He was confident that Rowntree could achieve improved results in 1977, but cautioned that present market conditions, including the upward pressure on cocoa prices, would mean future progress would be at a lower rate.

Hapag-Lloyd air charter plan

BY ADRIAN DICKS BONN, April 21.

THE WEST GERMAN private air charter industry will be strengthened considerably as a result of the takeover of Bavaria Germanair by the Hamburg- and Bremen-based shipping and travel group, Hapag-Lloyd. The deal has been submitted to the Federal cartel office for its approval, but a spokesman for Hapag-Lloyd said to-day that no objection was anticipated.

Whether the merger is approved or not, the two companies' operations for the coming summer package holiday season are not expected to be altered now. But it will be a considerably greater competitor for Condor, the charter subsidiary of Lufthansa, in future seasons. The Hapag-Lloyd fleet at present consists of eight Boeing 727s. It will now acquire, with Bavaria Germanair, 10 BAC 1-11s and two A-300 European airbuses.

This considerable expansion was hinted at earlier this week by Hapag-Lloyd in a letter to shareholders, in which it reported highly satisfactory results from its air charter business—in contrast to the still gloomy state of the shipping market

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 9½pc 1989	101½	102
Australia 8½pc 1991	103¾	104¼
Bowater 9½pc 1986	105¾	106½
Canad. N. Railwy 8¾pc 1986	101½	102
Credit National 8¾pc 1986	99¾	100½
Denmark 8½pc 1984	101½	103¼
ECS 9½pc 1986	104½	105
EIB 8½pc 1988	101½	102
EMI 9½pc 1989	101½	102½
Erap 9½pc 1985	104	104½
Ericsson 8½pc 1989	100½	101½
Esso 8pc 1986 Nov.	103¾	104
Eurofima 8½pc 1983	103½	103½
Granges 9½pc 1985	102½	103
Gt. Lakes Paper 9½pc 1984	101	101¾
Hamersley 9½pc 1992	104½	105
ICI 8½pc 1987	99½	100
ISE Canada 9½pc 1986	106	106½
Macmillan Bloedel 9pc 1992	102¾	103½
Massey Ferguson 9½pc 1991	104½	105
Michelin 9½pc 1988	103½	104½
Midland Int. Fin. 8¾pc 1986	101½	102
Modo 9pc 1986	100½	101
Nat. Westminster 9pc 1986	103	103½
Newfoundland 9pc 1989	103¾	104½
Norges Komm. Bk. 8½pc '91	99¾	100½
Norpipe 8½pc 1989	100½	101½
Norsk Hydro 9pc 1991	103½	104
Norsk Hydro 8½pc 1992	99	99¾
Oslo 9pc 1988	102½	103½
Ports Autonomes 9pc 1991	100½	101½
Prov. Quebec 9pc 1984	102¾	103½
Quebec Hydro 8½pc 1986	99½	100
Prov. Saskatch. 8¾pc 1986	102¾	103½
Skand. Enskilda 9pc 1991	102¾	103½
SKF 8pc 1987	98¾	99½
Volvo 9½pc 1993	106	106½
Volvo 8pc 1987 March	97¾	98½
NOTES		
Australia 8½pc 1983	103½	104
Australia 8½pc 1986	103½	104
Bell Canada 7¾pc 1987	99¾	100½
Dow Chemical 8pc 1986	103	103½
ECS 7¾pc 1982	98	98½
EEC 8½pc 1982	102	102½
Enso Gutzeit 8½pc 1984	98½	99
Gotaverken 8pc 1982	101½	102½
Hitachi Shipbldg. 7½pc 1984	97½	98½
Kockums 8pc 1982	100½	101½
Michelin 8½pc 1983	102	102½
Montreal Urban 8½pc 1981	102	102½
Nat. Coal Board 8½pc 1981	101½	102½
New Bruns. Prov. 8½pc 1983	103½	104½
New Zealand 8½pc 1986	101½	102½
Nippon Fudosan 8pc 1981	101½	101
Ontario Hydro 8pc 1987	99½	100½
Singer 8½pc 1982	102½	103
S. of Scot. Elec. 8½pc 1981	101½	102
Swedish State Co 7¾pc 1982	100	100½
Venezuela 8pc 1984	98½	99
FLOATING RATE NOTES		
Allied Irish Bk. 6½pc min. 1984	98¾	99½
BNP 5½pc min. 1983	98¾	99½
Bk. of Tokyo Holding 6½pc min. 1981	101	101½
IBJ 6pc min. 1982	99½	100½
Int. Westminster 6pc min. 1984	99½	99½
Lloyds 7½pc min. 1983	101½	102½
LTCB of Japan 6½pc min. 1981	100½	100½
Midland 7½pc min. 1983	102	102½
Wms. and Glyns. 6½pc min. 1984	100½	100½
D. MARK BONDS		
Austria 6½pc 1985	100	100½
Beecham 8pc 1983	103½	104½
Bergen 7½pc 1980	102½	103½
BFCE 7pc 1987	99½	100½
EIB 6½pc 1984	100½	101½
ICI 7½pc 1986	103	104
New Zealand 7½pc 1986	104½	105½
Norway 6½pc 1982	101½	102
Shell 6½pc 1989	103	103½
Statsforetag 7pc 1983	100½	101
World Bank 7pc 1987	100½	101½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	84	86
Ashland 5pc 1988	94	96
Beatrice Foods 4¼pc 1992	98	100
Beatrice Foods 4½pc 1992	101½	102½
Borden 5pc 1992	105	107
Broadway Hale 4½pc 1987	77	79
Canon Camera 7pc 1992	285	—
Carnation 4pc 1987	85	87
Chevron 5pc 1988	125½	127½
Dart 4pc 1987	79	81
Eastman Kodak 4½pc 1988	97	99
Economic Labs 4½pc 1987	88½	92½
Fed. Dept. Stores 4½pc '85	102	104
Firestone 5pc 1988	84½	86½
Ford 5pc 1988	98	100
Ford 5pc 1988	87½	89½
General Electric 4¼pc 1987	87	89
Gillette 4¾pc 1987	80	82
Gould 5pc 1987	124½	126½
Gulf and Western 5pc 1988	87	89
Harris 5pc 1992	122	124
Honeywell 6pc 1986	90½	92½
ITT 4½pc 1987	83	85
Komatsu 7½pc 1990	107	109
J. Ray McDermott 4¾pc '87	155½	157½
Mitsubishi Elec. 7½pc 1991	121	122
Mitsui 7½pc 1990	111	112
J. P. Morgan 4½pc 1987	100½	102½
Nabisco 5½pc 1988	98½	100½
Owens Illinois 4½pc 1987	127½	129½
J. C. Penney 4½pc 1987	80	82
Pioneer 6½pc 1989	219	—
Raymond 8½pc 1993	172	175
Revlon 4½pc 1987	105	107
Reynolds Metals 5pc 1988	85	109
Sperry Rand 4½pc 1987	88½	90½
Squibb 4½pc 1987	78	80
Texaco 4½pc 1988	81½	83½
Toshiba 6½pc 1992	112	113½
Union Carbide 4½pc 1982	104½	106½
Warner Lambert 4½pc 1987	89	91½
Warner Lambert 4½pc 1988	77½	79½
Xerox 5pc 1988	80	82

Source: Kidder, Peabody Securities.

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, April 20. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar: except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of April 21 at 11.00 a.m.
3 months 5 $\frac{7}{16}$ 6 months 5½

SDR1 = $US1.16055

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	182.82
Afghanistan	Afghani (o)	45.00
Albania	Lek (m)	5.8734
Algeria	Dinar (a)	4.1827
Andorra	Fr. Franc	4.9574
	Sp. Peseta	68.62
Angola	Kwanza	n.a.
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso	345.50
Australia	Australian $	0.9045
Austria	Schilling	16.85
Azores	Port. Escudo	38.78
Bahamas	Ba. $	1.00
Bahrain	Dinar	0.3958
Balearic Is.	Sp. Peseta	68.62
Bangladesh	Taka	15.5066
Barbados	Barbados $	2.0050
Belgium	B. Franc (m)	36.285
Belize	B. $	2.00
Benin	C.F.A. Franc	247.87
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.8144
Bolivia	Bolivian Peso	20.20
Botswana	Pula	0.8695
Brazil	Cruzeiro	13.38
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4845
Bulgaria	Lev	0.96
Burma	Kyat	6.6294
Burundi	Burundi Franc	90.00
Cameroun Rp.	C.F.A. Franc	247.87
Canada	Canadian $	1.0464
Canary Is.	Sp. Peseta	68.62
Cape Verde Is.	Cape V. Escudo	38.78
Cayman Is.	Cay. Is. $	0.8330
Cen. Af. Rp.	C.F.A. Franc	247.87
Chad	C.F.A. Franc	247.87
Chile	Ch. Peso (m)	18.76
China	Renminbi Yuan	1.8840
Colombia	Col. Peso (m)	36.6831
Comoros I'ds	C.F.A. Franc	247.87
Congo (B'lle)	C.F.A. Franc	247.87
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8289
Cyprus	Cyprus £	0.4126
Czechoslovakia	Koruna (m)	5.70
Denmark	Danish Krone	5.9835
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (o)	25.00
Egypt	Egyptian £ (o)	0.3950
El Salvador	Colon	2.50
Ethiopia	Birr	2.0655
Eq'l Guinea	Peseta	68.62
Falkland Is.	Falkland Is. £*	1.7196
Faro Is.	Danish Krone	5.9835
Fiji Is.	Fiji $	0.9235
Finland	Markka	4.0495
France	French Franc	4.9574
Fr. C'Tyin Af.	C.F.A. Franc	247.87
Fr. Guiana	Local Franc	4.9574
Fr. Pac. Is.	C.F.P. Franc	90.2942
Gabon	C.F.A. Franc	247.87
Gambia	Dalasi	2.3261
Germany (E.) (o)	Ostmark (m)	2.3223
Germany (W.)	Deutschemark	2.3723
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.7196
Gilbert Is.	Aust. $	0.9045
Greece	Drachma	37.27
Greenland	Danish Krone	5.9835
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9574

Country	Currency	Value of DLR
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	22.88
Guinea Bissau	Peso	38.78
Guyana	Guyanese $	2.5499
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.6460
Hungary	Forint (m)	20.80
Iceland	I. Krona	191.35
India	Ind. Rupee	8.8144
Indonesia	Rupiah	415.00
Iran	Rial	71.05
Iraq	Iraq Dinar	0.2899
Irish Rep.	Irish £*	1.7195
Israel	Israeli £	9.4200
Italy	Lira	887.10
Ivory Coast	C.F.A. Franc	247.87
Jamaica	Jamaica $	0.9091
Japan	Yen	278.05
Jordan	Jdn. Dinar	0.332
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3408
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.00
Kuwait	Kuwait Dinar	0.2872
Laos	Kip Pot Pol (o)	200.00
Lebanon	Lebanese £	3.04
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2899
Liechtenst'n	Swiss Franc	2.5215
Luxembourg	Lux. Franc (m)	36.285
Macao	Pataca	4.8955
Madeira	Port. Escudo	38.78
Malagasy	MG Franc	247.87
Malawi	Kwacha	0.9041
Malaysia	Mal. Ringgit	2.4800
Maldive Is.	Mal. Rupee	7.2712
Mali Rp.	Mali Franc	495.74
Malta	Maltese £	0.4282
Martinique	Local Franc	4.9574
Mauritania	Ouguiya	46.574
Mauritius	M. Rupee	6.6454
Mexico	Mexican Peso	22.56
Miquelon	C.F.A. Franc	247.87
Monaco	French Franc	4.9574
Mongolia	Tugrik (m)	3.3556
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.4961
Mozambique	Moz. Escudo	n.a.
Nauru Is.	Aust. $	0.9045
Nepal	Nepalese Rupee	12.585
Netherlands	Guilder	2.4735
Neth. Ant'les	Antillian Guild.	1.80
New Hebrides	Aust. $	0.9045
	Fr. Franc	4.9574
N. Zealand	NZ $	1.0399
Nicaragua	Cordoba	7.02685
Niger Rp.	C.F.A. Franc	247.87
Nigeria	Naira	0.6499
Norway	Nrwg. Krone	5.2750
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.9049
Panama	Balboa	1.00
Papua N.G.	Kina	0.7957
Paraguay	Guarani (m)	126.00
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454

Country	Currency	Value of DLR
Peru	Sol	73.32
Philippines	Ph. Peso	7.3600
Pitcairn Is.	NZ $	1.0399
Poland	Zloty (m) (o)	19.92
Portugal	Port. Escudo	38.78
Port. Timor	Timor Escudo	n.a.
Principe Isle	Port. Escudo	38.78
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9510
Reunion Ile de la	French Franc	4.9574
Rhodesia	Rhd. $	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	£ sterling*	1.7196
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	247.87
St. Vincent	E. Caribbean $	2.70
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	887.10
Sao Tome	Port. Escudo	38.78
Saudi Arabia	Ryal	3.5350
Senegal	C.F.A. Franc	247.87
Seychelles	S. Rupee	7.7319
Sierra Leone	Leone	1.1630
Singapore	Singapore $	2.4850
Solomon Is.	Australian $	0.9045
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	68.62
Span. Ports in N. Africa	Sp. Peseta	68.62
Sri Lanka	S.L. Rupee	7.2712
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.3465
Switzerland	Swiss Franc	2.5215
Syria	Syria £	3.9230
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.3408
Thailand	Baht	20.40
Togo Rep.	C.F.A. Franc	247.87
Tonga Is.	Pa'anga	0.9057
Trinidad	Trin. & Tob. $	2.40
Tunisia	Tunisian Dinar	0.4229
Turkey	Turkish Lira	17.50
Turks & C's	U.S. $	1.00
Tuvalu	Australian $	0.9045
Uganda	Ug. Shilling	8.3408
Utd A'b Emir	UAE Dirham	3.9000
Utd. Kingdom	£ Sterling*	1.7196
Upper Volta	C.F.A. Franc	247.87
Uruguay	Urug. Peso (m)	4.29
USSR	Rouble	0.7461
Vatican	Italian Lira	887.10
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.6650
Vietnam (S)	Piastre (o)	1.85
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.5968
Yemen	Ryal	4.50
Yugoslavia	New Y. Dinar	18.25
Zaire Rp.	Zaire	0.8616
Zambia	Kwacha	0.7943

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. * U.S. dollars per sterling unit. (a) Approximate rate. (o) Official rate.

For further information please contact your local branch of the Bank of America.

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Down 6.79 despite favourable news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 21.

FURTHER EARLY gains attracted profit-taking on Wall Street to-day and the market turned generally lower. Cautious investors brushed aside favourable economic news in the aftermath of President Carter's Energy Message.

After opening another 3.90 up at 946.40, the Dow Jones Industrial Average came back to 935.80, for a net loss of 6.79. The NYSE All Common Index dipped 36 cents to $54.34, while declines led gains by 894-to-545. Trading volume decreased 2.35m. shares to 22.74m.

The market received some initial support from a Government report that March Consumer Prices rose only 0.6 per cent. after a 1 per cent. rise in February.

The DJIA was off 3½ points late in the session just before the Government report of a 0.9 per cent. decline in Retail Sales in the latest reporting week despite a 6.6 per cent. jump in car sales.

But the uncertain implications of the proposals on Inflation and Economic growth—the Gas Tax proposed by President Carter in particular—also apparently kept investors worried.

The market also shrugged off a statement by Budget Director, Bert Lance, that the Federal Budget deficit for fiscal 1977 could drop to around $46bn., considerably lower than President Carter's revised Budget provisions that called for a deficit of $68bn.

Finally, a Senate vote to keep the 12 per cent. Investment Tax Credit and the New Jobs Tax Credit in the Major Tax Bill, which President Carter sought to kill, also failed to impress the market.

Alcoa held unchanged at $58¼, despite *sharply higher first* quarter earnings and an increased dividend.

Oils bucked the trend. Atlantic Richfield rose $1¼ to $57¼, and Standard Oil of Ohio $2¼ to $87¼.

General Motors put on $¼ to $67, and Chrysler $¼ to $17¼.

Time were up $¼ at $34⅝ on higher first quarter earnings.

IBM dropped $5⅞ to $264. Eastman Kodak fell $8¼ to $65¾—it is furloughing 150 workers in one of its Instant Film Products Divisions because of high inventories.

Texas Instruments gave way $2¼ to $82¼ although it reported higher than expected first quarter earnings.

THE AMERICAN SE Market Value Index moved down 0.58 to 112.62.

Kaiser Industries led the actives list, and shed $¼ to $18⅜.

Canada mixed

Canadian Stock Markets were mixed in moderate trading yesterday.

The Metals and Minerals Index put on 0.7 to 1,125.1, Utilities 0.11 to 148.73 and Banks 0.03 to 220.87. But Golds lost 8.9 to 1,025.5, Oils and Gas dipped 4.1 to 1,113.2 and Papers shed 0.41 to 107.39.

Northern Telecom gained $¼ to $32⅜—it established a new subsidiary.

United Tire and Rubber "A" *rose 5 cents* to $1.25 after reporting 1976 profit compared to a loss.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Occidental Petrolm	307,500	27¼	—
Eastman Kodak	300,200	65¾	−8¼
Ford Motor	208,200	55¼	−¼
Franklin Mint	201,500	15¼	−¼
Sony	182,500	9⅛	—
Amer. Motors	164,600	5	—
Gerber Products	139,000	37	−1¼
Atlantic Richfield	137,200	57¼	+1¼
Westinghouse Elec.	138,200	18⅞	−¼
IBM	137,100	264	−5⅞

OTHER MARKETS

PARIS—Mixed with some late improvement after early end of Account selling.

Banks, Motors and Constructions moved irregularly, with Ferodo and Generale Occidentale *strong points*.

Nobel Bozel lost a little ground after passing its dividend for 1976.

U.S. and German stocks advanced, but Golds eased.

BRUSSELS—Most prices rose strongly in heavier trading following President Carter's Energy Plans which market sources thought would mean less competition from the U.S. in Europe for energy resources.

But Vieille Montagne shed Frs.20 to 2,800 on a lower dividend.

U.S., German and U.K. shares rose, Dutch issues were steady, Canadians mixed, while French stocks were steady to higher.

AMSTERDAM—Shares advanced virtually across the Board, with main stock indices rising to new highs for the *year. Sentiment* was aided by the overnight upturn on Wall Street.

State Loans firmed slightly.

SWITZERLAND — Generally steady in a selectively active turnover.

Major Banks were neglected, while Financials were mixed. Insurances recorded small gains and leading Industrials generally rose.

Dollar stocks gained ground in fairly active dealings, while Dutch stocks firmed slightly and Germans advanced.

GERMANY — Most shares advance strongly on further expectations of interest rate cuts, although prices closed off the day's high following profit-taking.

In Motors and Engineerings, *Mercedes Holding rose DM14*, Daimler DM9 and KHD DM6 in active trading.

In Stores, Karstadt moved up DM6.8 and Kaufhof DM5.

Other leading shares were generally up to DM2 higher.

Public Authority Bonds gained *up to DM0.45 and the Regulating* Authorities sold DM11m nominal of stock. Mark Foreign Loans were well maintained.

SPAIN—Further consolidation of recent recovery, with Asland rising 5 to 127 and Union Explosivos Rio Tinto up 4 to 153.

MILAN—Generally easier in rather thin dealings.

COPENHAGEN — Generally higher after fair dealings. Banks were little changed, while Communications and Industrials were higher.

OSLO—Bankings, Insurances and Industrials were quiet, while Shippings were slightly easier.

VIENNA—Quietly irregular.

TOKYO—Prices rose sharply to a new year's high for the second *consecutive day on active selective* buying, concentrated on Resources and "large asset" shares and "speculatives." Volume 400m. (same) shares.

Institutional investors actively bought Paper-Pulps, Non-Life Insurances and Real Estates, while interest also revived in Textiles and some other Industries in poor business condition on the belief that the recent Bank Rate cut would help reduce their interest burden.

Chori rose Y6 to Y79 following its denial of market rumours of financial difficulties.

"Large capital" shares eased on profit-taking. Nippon Kokan lost Y3 to Y107 and Mitsui Engineering and Shipbuilding Y4 to Y183.

JOHANNESBURG—Gold shares *eased on lack of overseas interest* and in line with European bullion indications.

Financial Minings also moved lower.

Coppers were softer, while Platinums were little changed in thin trading. Other Minerals were lower.

Collieries lost ground in places, while Industrials were barely steady in quiet dealings.

AUSTRALIA—Generally slightly firmer, although Energy stocks were weak.

Pancontinental lost 30 cents to $A11.40, Peko Wallsend 4 cents to $A5.12 and Kathleen 2 cents to $A1.18.

Elsewhere in Minings, Woodside Burmah rose 3 cents to 93 cents.

Audminco gained 4 cents to $A10 and Bank N.S.W. 5 cents to $A4.75.

Indices

NEW YORK —DOW JONES

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 15	Apr. 14	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	935.80	942.59	938.77	942.76	947.76	947.00	999.75 (3/1)	914.73 (6/4)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	91.37	91.39	91.33	91.45	91.26	91.35	95.37 (3/1)	90.66 (7/3)	—	—
Transport.	237.58	240.36	237.65	235.10	234.42	234.17	246.36 (20/4)	221.61 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	108.16	108.26	106.52	108.64	108.85	106.95	111.87 (25/1)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	22,740	25,090	19,510	17,830	20,250	30,480	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Apr. 15	April 8	Apr. 1	Year ago (approx.)
	4.49	4.61	4.57	3.76

STANDARD AND POORS

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 15	Apr. 14	1977 High	1977 Low	Since compilation High	Since compilation Low
†Industrials	110.60	111.55	110.97	111.56	112.17	112.13	118.92 (3/1)	108.72 (6/4)	154.64 (11/1/73)	35.2 (30/6/32)
†Composite	99.75	100.40	100.07	100.54	101.04	101.00	107.00 (3/1)	97.91 (6/4)	125.85 (11/1/73)	4.40 (1/6/32)

	Apr. 20	Apr. 15	Apr. 6	Year ago (approx.)
Ind. div. yield %	4.23	4.21	4.29	3.28
Ind. P/E Ratio	10.41	10.41	10.21	14.00
Long Govt. Bond yield	7.62	7.68	7.73	5.49

N.Y.S.E. ALL COMMON

Apr. 21	Apr. 20	Apr. 19	Apr. 18	1977 High	1977 Low
54.34	54.70	54.58	54.70	57.07 (4/1)	53.26 (6/4)

Rises and Falls	April 21
Issues Traded—1,876	Up—545
Down—894	Same—437
New Highs—102	New Lows—52

		Apr. 21	Apr. 20	Apr. 19	Apr. 18	1977 High	1977 Low
MONTREAL	Industrial	178.64	178.88	178.56	178.02	185.47 (17/3)	176.53 (21/1)
	Combined	177.75	177.89	177.59	178.04	182.73 (16/3)	174.59 (19/4)
TORONTO	Composite	1007.1	1007.7	1004.5	1008.2	1032.5 (18/3)	992.0 (18/1)
JOHANNESBURG	Gold	—	170.4	162.7	164.1	192.5 (7/3)	146.8 (7/2)
	Industrials	—	170.5	177.4	170.3	186.8 (7/1)	169.5 (26/3)

	April 21	Previous	1977 High	1977 Low
Australia (a)	431.27	431.27	447.52 (17/1)	419.68 (16/2)
Belgium (b)	96.36	96.61	98.12 (10/1)	92.51 (20/2)
Denmark (d)	107.01	106.60	107.85 (25/3)	98.96 (6/1)
France (e)	49.3	49.4	58.4 (7/1)	47.6 (6/4)
Germany (f)	781.7	776.4	781.7 (21/4)	712.5 (10/1)
Holland (g)	89.0	87.7	89.0 (21/4)	81.2 (26/1)
Hongkong (h)	(c)	445.46	447.03 (5/1)	415.45 (14/3)
Italy (k)	64.06	65.14	73.71 (5/1)	62.98 (14/4)
Japan (m)	385.65	382.00	385.79 (9/2)	364.70 (7/4)
Singapore (n)	246.30	246.75	280.29 (10/1)	246.30 (21/4)
Spain (p)	92.56	92.14	102.57 (1/3)	88.34 (14/4)
Sweden (q)	406.66	405.86	416.68 (22/3)	399.10 (4/2)
Switz'l'd (r)	300.6	297.9	300.6 (21/4)	280.5 (5/2)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. † Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ϕ Frs.500 denom. unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. ≤ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs; including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. † Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—118½%. (117¾%).

NEW YORK

Stock	Apr. 21	Apr. 20
Abbott Labs	43¼	43¼
Addressograph	10⅝	11
Corning Glass	67⅛	68
CPC Int'n'tional	49¼	49½
Crane	33¾	33¼
Crocker Nat.	26⅛	26⅜
Johns Manville	35¼	35⅛
Johnson Johnson	66⅞	68¼
Johnson Control	42⅜	42⅛
Joy Manufactu'g	48⅞	49
Revlon	39½	40
Reynolds Metals	41¼	41
Reynolds R. J.	65⅛	65½
Rich'son Merrell	21⅞	22⅜
Xerox	46¼	46⅜
Zapata	10⅝	10¾
Zenith Radio	23	24⅛

CANADA

GERMANY ♦

April 21	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	98.3	+2.1	—	—
Allianz Versich.	436	+9.5	18	2.1
B.M.W.	249.5	+2.5	18	3.7
BASF	172.1	−0.3	14	4.1
Bayer	152.7	+1.8	14	4.7
Bayer Hypo.	284.5	+1.5	20	3.6
Bayer Vereinsbk.	288.5	+2	20	2.9

TOKYO ‖

April 21	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	360	+5	14	1.9
Canon	585	+8	11	0.9
Casio	408	+3	25	3.1
Chinon	930	−10	20	1.1
Dai Nippon Print	581	−1	18	1.5
Fuji Photo	795	−10	15	0.9
Hitachi	222	−2	12	2.7

AUSTRALIA

April 21	Aust. $	+ or —
ACMIL	†0.65	−0.03
Acrow Australia	†0.62	.....
Adelaide Brighton Cent.50c	†1.18	−0.01
AlliedMntg-Trdg.Indus.$1	†1.61	.....
Ampol Exploration	†0.87	+0.02
Ampol Petroleum	†0.54	+0.01
Assoc. Minerals	†1.25	.....

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ϕ

STOCKHOLM

COPENHAGEN ♣

MILAN

VIENNA

SPAIN ♥

Yen firmer

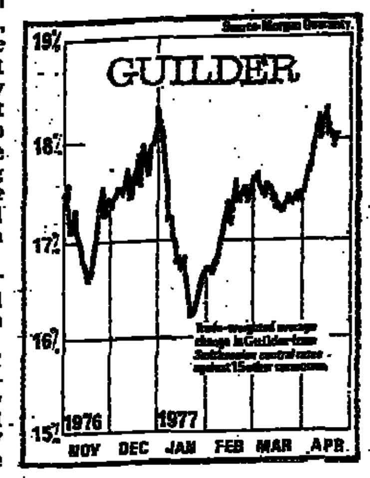
The Japanese yen closed firmer on balance against the U.S. dollar yesterday, although the main improvement took place in Tokyo before European markets opened. The yen opened at Y277.12½ in terms of the dollar in London, *following intervention by the* Bank of Japan earlier to prevent a further decline. This may indicate apprehension about possible international reaction to the currency's recent decline ahead of the forthcoming *economic summit* meeting to be held in London. The yen finished at Y276.87½ compared with Y278.30 on Wednesday.

The dollar was slightly weaker against the German mark and Swiss franc, but gained ground in terms of the French franc.

Sterling fell 3 points against the dollar, to close at $1.7190-1.7195. Trading remained fairly quiet and the pound remained within a range of $1.7187-1.7197 without any intervention by the Bank of England. Its trade-weighted index against 20 other currencies on the basis of the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, fell to 61.7 from 61.8 and remained at that level throughout.

Discounts on forward sterling continued to narrow, with the three-month pound finishing at 1.65 cents discount against the dollar, compared with 1.69 cents previously.

Gold continued to decline, falling $½ to $148¼-149 in modest trading. The krugerrand's premium over its gold content showed *little change* at 2.94 per cent. for domestic delivery, but narrowed to 2.94 per cent. from 3.27 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	April 21	April 20
Sterling	0.674728	0.674935
U.S. dollar	1.16006	1.16055
Belgian franc	42.0580	42.1512
Deutschemark	2.74981	2.75329
French franc	5.75100	5.75488
Italian lira	1029.09	1029.55
Japanese yen	323.077	321.472
Dutch guilder	2.86767	2.87294
Swedish krone	5.04568	5.03565
Swiss franc	2.92266	2.92238

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

GOLD MARKET

	April 21	April 20
Gold Bullion (a fine ounce)		
Close	$148¼-149	$148¾
Opening	$148⅛-149¼	$149¾
Morning fix'g	$148.10 (£86.135)	$149.6 (£86.9)
Afternoon fix'g	$148.10 (£86.125)	$149.5 (£86.9)
Gold Coins... domestically		
Krugerrand	$152-154 (£88½-89½)	$152½ (88¾-)
N'w Sov'r'gns	$50¾-52¾ (£29½-30½)	$50¼- (£29¼-)
Old Sov'r'gns	$46¾-48¾ (£27¼-28¼)	$46¾- (£27¼-)
Gold Coins... (Intern'lly)		
Krugerrand	$152-154 (£88½-89½)	$153-1 (£89-9)
N'w Sov'r'gns	$49¾-51¾ (£29-30)	$49¾- (£29-3)
Old Sov'r'gns	$42¾-44¾ (£25-26)	$42¾- (£25-2)
$20 Eagles	$225¾-228¾	$226¼

FOREIGN EXCHANGES

April 21	Bank Rates %	Day's Spread	Close
New York	5¼	1.7187-1.7197	1.719
Montreal	8	1.8005-1.8050	1.803
Amsterdam	4½	4.24½-4.27	4.2
Brussels‡	7	62.25-62.60	62.4
Copenh'gen	9	10.27-10.31	10.27
Frankfurt	3½	4.07-4.08½	4.07
Lisbon	8	66.45-66.80	66.5
Madrid	7	117.80-118.30	118.7
Milan	15	1,524½-1,527½	1,524
Oslo	6	9.08½-9.09½	9.06
Paris	10½	8.51½-8.54	8.52
Stockholm	8	7.46½-7.48½	7.47
Tokyo	5	4.72-4.82	475
Vienna	4	28.90-29.15	28.9
Zurich	2	4.32½-4.36½	4.33

‡ Rates given are for Convertible francs. Financial franc 62.45-62.6

OTHER MARKETS

			Notes Rates
Argentina	585.68-595.06	Argentina	51
Australia	1.5660-1.5671	Austria	28
Brazil	22.77-22.97	Belgium	61
Finland	6.84½-6.85½	Brazil	
Greece	63.060-64.510	Canada	1.8
Hong-Kong	7.97½-7.98½	Denmark	10.
Iran	120.124	France	8.4
Kuwait	0.488-0.498	Germany	3.9
Luxemb'g	62.40-62.50	Greece	61
Malaysia	4.2520-4.2740	Italy	15

Rate for Argentina is free rate.

FORWARD RATES

EXCHANGE CROSS-RATES

April 21	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfurt	—	2.372-373	47.80-85	6.235-240	4.077-082	95.86-91	94.05-10
N. York	42.14-16	—	20.15-17	2.76½-75½	1.7190-7195	40.46-48	39.63-65
Paris	208.95-235	4.9625-9625	—	15.862-887	8.511-8560	200.375-775	196.570-875
Brussels	15.28-31	36.28-29	7.31-33	—	62.31-42	14.65-69	14.38-41
London	4.071½-081½	1.7190-95	8.52½-55½	62.40-60	—	4.25-26	4.33½-34½
Am'rd'm	104.255-305	2.4707-32	49.85-90	6.813-82	4.2485-2535	—	98.06-11
Zurich	106.29-37	2.5217-25	60.64-87	2.945-9625	4.3346-75	102.01-.09	—

U.S.-$ in Montreal U.S. $=104.90-93. Canadian cents.
Canadian $ in New York. C$=95.30-32 U.S. cents. U.S. $ in Milan 887.0-20.
Sterling in Milan 1525.0-1526.25.

EURO-CURRENCY INTEREST RATES*

April 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	7½-8½	4⅝-4⅞	6-7	1¾-2	4⅟₁₆-4⁵⁄₁₆	2⅛-3
7 days notice	8-9	4⅝-4⅞	6¾-7¾	2¾-3	4⅟₁₆-4⁵⁄₁₆	4¼-4½
Month	8⅝-8⅞	4⅜-4⅝	7¼-7⅝	4⅛-4⅜	4¼-4⅜	2¼-2⅝
Three months	8⅞-9⅜	5-5¼	7¼-7⅝	4⅝-5⅛	4⅟₁₆-4⁵⁄₁₆	2⅝-2⅞
Six months	9½-10	5⅜-5⅝	7⅜-7¾	5-5½	4½-4⅝	3-3⅛
One year	10½-11	5¾-6	7⅝-8	5½-6	4½-4⅝	3⅛-3¼

Euro-French deposit rate: two-day 9¼-9¾ per cent.; seven-day 9¾-9¾ per cent.; one-month 9-9½ per cent.; three-month 9¾-9¾ per cent.; six-month 9¾-10 per cent.; one-year 10¾-10¾ per cent.

Longer-term Eurodollar deposits: two years 6⅞-6¾ per cent.; three years 7¼-7⅞ per cent.; four years 7¾-7⅞ per cent.; five years 7¾-8 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 4¹³⁄₁₆-4¹⁵⁄₁₆ per cent.; three-month 5-5¼ per cent.; six-month 5⅜-5¼ per cent.; one year 5¹¹⁄₁₆-5¹³⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs.

FARMING AND RAW MATERIALS

Brazil soya oil ban may be lifted

By Sue Branford

SAO PAULO, April 21.

EXPORTS of Brazilian soya oil, which were suspended on Tuesday, will probably be re-authorised after the meeting tomorrow between soya crushers and Cacex, the Banco Do Brasil's export department.

Brazilian authorities are anxious to prevent a serious shortage of soya cooking oil on the domestic market.

They will work out a scheme with the crushers to keep this year's oil exports down to 500,000 tonnes, about a third of the predicted production of 1.4-1.5m. tonnes. The most probable solution is a quota system, limiting each company's exports to a third of its crush.

Brazilian crushers have sold a considerable volume of oil this year, as they have been anticipating some form of Government control for several weeks. By Tuesday, the export of …000 tonnes of oil had been registered with Cacex. As a result there are signs of shortage on the domestic market where the price of oil is fixed at what the crushers consider an unrealistically low level.

New home for London soya meal futures

By Our Commodities Staff

THE LONDON soyabean meal is moving to new premises because of the expansion in trading interest, it was announced yesterday.

The new premises on the London Commodity Exchange will be officially opened on May 9.

Turnover on the market has increased spectacularly, particularly recently. During the first year of trading to April 1976 average trade was 66 lots of 10 tonnes daily.

In the second year market turnover rose to an average of … lots daily. Now it is averaging 350 lots a day.

Also being considered by the … Soyabean Meal Futures Association is late kerb trading which would extend market activity beyond the present close of 5 p.m.

RUBBER PRICE RISE FORECAST

Mr. Campbell Fraser, Dunlop Holdings' managing director, said the company is budgeting for a 15 per cent. increase in the price of rubber this year.

But there may be a slight difference between price increases for natural rubber and synthetic rubber, he said.

EEC opposes export quotas in sugar pact

BY DAVID EGLI

GENEVA, April 21.

THE EEC to-day rejected an export quota system as the basis for a new International Sugar Agreement, favouring instead an international stocking policy.

Pierre Malvé, EEC delegate, told the negotiating conference here that the export quota system, under which producer countries are allocated shares of estimated free market consumption, gave exporters a false feeling of security.

Too rigid

He added that it was extremely difficult to work out an equitable quota system. In practice such a system collapsed in difficult market conditions.

Besides, quotas were too rigid in that they accorded acquired rights for exporting countries and could not be easily adapted to changing market circumstances.

Mr. Malvé also drew attention to the risk of over estimating world sugar demand in order to facilitate quota distribution.

Mr. Malvé said that national stocks, co-ordinated on an international level, would establish greater solidarity between sugar exporters and importers in the defence of common interests—the maintenance of equitable prices and supply and export guarantees.

It was noted here that member countries of the EEC still apparently have to negotiate among themselves details concerning a price range and financial arrangements. Confidence was expressed that a common position would be achieved before the conclusion of the conference here.

Mr. Malve told correspondents that the community did not feel isolated in its position on sugar since others had also stressed the need for stocking arrangements.

However, it seems apparent from an earlier background paper on the sugar negotiations prepared in Brussels, that the Community recognises that it is isolated in its blunt rejection of export quotas.

At that time it seemed that the community would seek a special arrangement similar to that previously existing for the Soviet Union in relation to its Cuban sugar imports.

Community negotiators now appear to have pushed this idea to one side and are concentrating their efforts here on illustrating that export quotas are not the right approach for a viable agreement.

Meanwhile, the U.S. proposed that a new International Sugar Agreement should be based on a range of 10 cents between minimum and maximum prices and that price levels be kept stable through a supply management mechanism.

10 cent range

Mr. Julius L. Katz, Assistant Secretary of State for economic and business affairs, said the U.S. has not proposed any specific floor and ceiling prices. He believed it should be possible to keep sugar prices around the middle of a 10 cent range through supply management including a deliberate stocking policy.

On stocks, he said, the U.S. gave illustrative figures of 2m. tonnes in minimum stocks plus an additional 2m. tonnes in a special stock. There also would be export controls when sugar prices neared the bottom of the price range.

Brazil coffee plan 'on target'

BY SUE BRANFORD

SAO PAULO, April 21.

BRAZIL'S 1976/77 coffee plan, which had as its main target the planting of 330m. bushes to replace those wiped out by the 1975 frosts, is being successfully carried out.

Camilo Calazans, president of the Brazilian Coffee Institute, said financing has been provided for 316m. bushes and the original target should be surpassed before the plan ends on May 31.

Calazans said that the target for 1977/78 will be set at 1m. more bushes, with the same financing conditions. With this addition, Brazil will have 3.1bn bushes, which is considered sufficient for the country to regain production levels.

Our Commodity Staff writes: In London the Robusta terminal market opened to early losses triggered by the overnight weakness in New York.

Losses ranged up to £135 a tonne at one stage with July coffee dropping to £3,820, but the lower levels attracted some light buying interest from manufacturers lifting July to a peak for the day of £3,875 a tonne. By the close the price had drifted back to £3,853.5 a tonne, down £113 on balance.

Earlier, Reuter reported from Bogota, that Colombian coffee exporters had said new Government regulations restricting the immediate exchange of dollar proceeds from traditional exports signified in practice an additional tax on coffee sales.

Gilberto Arango Londono, president of the National Coffee Exporters' Association, said the regulation would mean a surcharge of between 3 and 10 per cent. for coffee exporters in addition to the 17 per cent. ad valorem tax they already pay.

Under the new rules announced yesterday, foreign earnings from traditional exports must be converted into exchange certificates.

These freely negotiable certificates can then be officially exchanged for pesos after one month from the date of issue at the rate of exchange in force on that date. Certificates exchanged before the month is over suffer a 10 per cent. discount.

Arango Londono said some coffee exporters could exchange their certificates from private importers or credit institutions before the 30-day period at a loss of probably about 3 per cent.

He said exporters who needed money immediately to finance their operations would have no other recourse but to take the additional 10 per cent. loss.

As a direct result of the new regulation coffee exporters had reduced their internal buying price for 125-kilo sacks from 7,600 pesos to an average of 7,000 to 7,100.

● The Colombian National Coffee Federation said coffee smuggling to the U.S. was likely to drop by about 60 per cent. this year because of the Government's anti-smuggling efforts. Last year it was estimated that 1m. 60-kilo coffee bags were smuggled to the U.S.

The federation said because of the Government's strict checks at ports and airports only 100,000 coffee bags were believed to have been smuggled out of the country in the first quarter of 1977.

Fall in copper continues

By Peter Bullen

COPPER PRICES staged a late rally on the London Metal Exchange yesterday after experiencing further falls early on that took cash wirebars below the £800 a tonne market for the first time for more than three months.

The recovery was limited, however, and cash wirebars closed £6 down on balance at £802.75 a tonne while the three months price lost £7.5 at £824.75.

Most of the early losses were due to the influence of the weak close in New York overnight, lack of demand and rumours of a possible reduction in U.S. producer prices.

In contrast the tin market enjoyed sufficient demand early in the day to resist the 14 ringgit a picul fall in the Malaysian price overnight. By the close, standard cash tin had gained £27.5 on the previous days value, finishing at £5,585 a tonne.

Zinc was somewhat featureless but lead prices moved higher partly due to the news from Melbourne that Broken Hill Associated Smelters had shut down the principal processes at its Port Pirie lead/zinc plant because of industrial action by one of the 10 unions there.

Milk production last month up by 149m. litres

By Our Commodities Staff

OUTPUT OF milk from farms in England and Wales jumped by 149m. litres last month to 1,017.1m. litres, the Milk Marketing Board said yesterday. This was almost 30m. or 3 per cent. more than was produced in March last year.

Most of the increase appears to have been in the western areas of the country and south Wales alone returned a 6.2 per cent. increase in production.

Liquid milk sales at 592.7m. litres gained on the previous month but were running at almost 2½ per cent. below the comparable month last year. In contrast, the 334.5m. litres used for manufacturing into dairy products was 11.2 per cent. higher than in March last year.

BIG RICE CROP IN SRI LANKA

COLOMBO, April 21.

SRI LANKA'S rice crop this year was almost 1.4m. tonnes, the biggest since 1970, mainly due to better irrigation facilities, the Food Department said.

Reuter

U.K. AGRICULTURE

Weather vital over next six weeks

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MY FORECAST of a month or so ago of a cold, harsh spring has turned out to be one third right so far. I based my prediction on the old saying that the wind on March 21 would blow from the same quarter for the next three months.

On that day the wind came from the north east, and it didn't turn to the south west until April 20.

Although the weather last month has not suited me, it has been a godsend to those with heavier land who had been kept off their fields by waterlogged ground. Almost everyone in England has had enough dry weather to get the bulk of the spring work done.

In my case the shortage of grass was becoming acute. I topdressed my pastures in early February and had sufficient growth by the beginning of March for the ewes to turn up their noses at the hay we put out for them. But since the beginning of April a succession of very hard frosts have kept everything back and soil temperatures, which had been quite high in February and early March, seemed to have fallen to winter levels.

At times like these I anxiously try to estimate if the sheep are getting enough from the very short herbage to keep up their milk and also to provide a supplementary feed for the lambs. Sheep will graze very close. They seem to like to eat the grass that grew the night before. In this they differ from cattle which need quite a length of grass.

My situation is more delicate because I match the acreage of grass to the sheep at the start of the season. My stocking rate on new pastures is about five and a-half ewes to the acre with lambs.

This is fine if the grass keeps growing, but it is worrying if it seems to be getting too short and disappearing altogether. Colour is a good way of assessing the pasture in these circumstances: green is all right, but a brownish tinge means things are not so good.

Grass seems to have its highest feed value up to early June and during this period sheep will make do on very short commons indeed. Later in the season some of its feed value seems to depart and sheep need more to graze on.

This quality of spring grass is understood by most farmers and can best be measured in the decline in milk output by cows after mid-June. The causes of the decline are not yet really understood scientifically, but advice on making silage and hay emphasises the need to cut the grass early.

The recent dry weather has not yet seriously reduced soil moisture except for the top inch or so, and most of my grain crops are well rooted by this time and should be making a better start than they did last year, when some cereals did not have sufficient moisture at any stage of their growth.

However, some of the autumn-sown wheat that I have seen around the country is very backward indeed for this time of year. There are also signs of the hard winter in the gaps and thinness of plant in some fields, either due to waterlogging or the leaching-out of nitrogen.

I was fortunate in being able to top dress most of my autumn-sown wheat in February, but farmers on heavy land had to leave this operation until soil conditions were right, or use an aeroplane.

The benefits of nitrogen are easily seen by the complete lack of growth in any places where the spreader missed. It is hard to define how much nitrogen is lost by leaching. There is always a certain amount in the soil, but after a wet, cold winter it is slow to get in a way to assist plant growth until temperatures rise.

The benefit of adding nitrogen is that it is in a form which seems to be available at once to the plant as long as conditions are right for growth. Nitrogen has an effect in promoting early growth even on the most fertile of soils.

Its importance can be gauged by the fact that if I had not used it I would have not been able to have the ewes and lambs on grass until the end of April, instead of in early March as I did. I am hopeful that some warmer weather will assist the next top dressing which is in progress so that growth will be sufficient to finish the lambs and provide some surplus for hay.

The dry weather has been a great help though, in that it allowed me to get most of the fields rolled, a job for which the soil has to be dry. This is mainly a cosmetic operation because the heaviest farm rollers in my experience do very little to consolidate the soil, but they do push the stones down below the combine knife and so avoid harvest damage.

As to prospects, they depend entirely on the weather for the next six weeks. If the wind continues south-westerly and the air is moist and temperatures rise, the spring barley should come away well. I have my doubts about a lot of the winter wheat particularly where nitrogen has been applied too late. The plant is too thin to recover, even under the most benign of weather conditions, but I am hopeful I am wrong.

Farmers disappointed with Mr. Silkin

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE NATIONAL Farmers' Union council meeting yesterday expressed great disappointment that Mr. John Silkin had been unable to offer the industry the reassurance it expects from a Minister of Agriculture.

Members forcibly expressed the view that the Minister was not taking the lack of confidence and declining investment seriously enough.

Sir Henry Plumb, NFU president, emphasised that serious problems are affecting all sections particularly livestock, and instanced a number of farmers who were threatening to cut pig and beef production. It was essential that a decision on prices is reached in Luxembourg next week, he said.

The indications are that this will, in fact, happen on the basis of a smaller butter subsidy than the one originally demanded by Mr. Silkin of 20p a lb and a 3½ per cent. rise in farm prices and a similar devaluation of the "green pound."

Where the NFU is likely to be disappointed is that even if the Brussels package is decided on these lines, the British prices likely to be announced next week will not contain a firm statement of the guarantees for potatoes and milk.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Down again but closed above the day's lowest levels in hectic trading on the London Metal Exchange. After opening at £827 on the pre-market, forward metal quickly fell to £820 reflecting the influence of overnight U.S. markets. In the morning Rings the price eased afresh to the day's lowest level of £813 owing to chartist and stop-loss selling but values staged a recovery in the afternoon in line with the firmer opening on Comex with forward metal rallying to end at £825 on the late kerb. Turnover: 18,025 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £800, 797, three months £821, 22.5, 22, 21.5, 22.5, 21, 20, 19, 18.5, 18, 17, 17.5, 17. Cathodes: Three months £807. Kerb: Three months £817, 16, 15, 14, 15. Cathodes: Three months £805. Afternoon: Wirebars, three months £816, 17, 18, 19, 19.5, 19, 24, 25, 24, 24.5, 24, 25, 24.5, 25. Cathodes: Cash £794, three months £816. Kerb: Three months £824, 23.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	794-.5	—23	802.5-3	—6
3 months	813-7	—24	824.5-5	—7.5
Settlem't	794.5	—23	—	......
Cathodes				
Cash	794-.5	—25	793-4	—7.5
3 months	806-7	—28	815.5-6	—8.25
Settlem't	795	—25	—	......
U.S. Prod.	—	......	*74	......

TIN—Modestly firmer. Forward material opened a shade easier on the pre-market at £5,660, reflecting the fall in the Penang price, but subsequently hardened to £5,695 in the morning Rings owing to European consumer demand. The sharp fall in copper then caused values to ease with forward metal falling to £5,660 on the morning kerb. In the afternoon fresh buying interest coupled with the firmer trend in copper prompted an upward movement which left the price at £5,690 on the late kerb. Turnover: 825 tonnes.

Morning: Standard, three months £5,670, 80, 90, 85, 90. Kerb: Three months £5,660. Afternoon: Standard, three months £5,680, 90, 95, 5,700, 5,695. Kerb: Standard, three months £5,695, 90.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5570-90	—10	5580-90	+27.5
3 months	5685-90	—7.5	5695-700	+20
Settlem't	5590	—5	—	......
Standard				
Cash	5570-80	—15	5580-90	+27.5
3 months	5685-90	—7.5	5695-700	+20
Settlem't	5580	—15	—	......
Straits E.	£1452	—14		......
New York	—		450.00	—2.00

LEAD—Marginally higher. After moving ahead to £388 on the pre-market on reports of a stoppage at Broken Hill Associates Smelter at Port Pirie, forward metal eased to £376 in the morning Rings, influenced by the tone of other base metals. In the afternoon, however, values rose afresh in line with the general trend, with forward material ending at £379 on the kerb. Turnover: 3,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	372-3	—1.25	372-.5	+2.75
3 months	377.5-8	—2	378-9	+3
Settlem't	373	—1	—	......
N.Y. Spot	—	......	*31	......

ZINC

SILVER

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

GRAINS

SUGAR

WOOL FUTURES

JUTE

MEAT/VEGETABLES

PALM OIL

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 100 tonnes bringing the total for the week so far to 282 tonnes. Moderate demands brought additional orders in Middle Eastern qualities. Russian and Turkish styles were in chief request, F. W. Tattersalls reports.

★

GRIMSBY FISH—Supply poor, demand good. (Prices at ship's side unprocessed per stone): Shelf cod £4.60-£4.80; codlings £2.50-£4.20; large haddock £4.00-£4.40, medium £2.20-£4.30, small £2.20-£2.80; large plaice £3.30, medium £3.50-£3.90, best small £3.00-£4.40; skinned dogfish medium £4.30, large £6.90; lemon soles £6.50-£7.30; rockfish £2.20-£2.30; reds 1.35-£2.10; saithe 1.90-2.30.

PUBLIC NOTICES

LOCAL AUTHORITY BILLS

Issue date 20th April 1977. Due date 20th July 1977:

TORBAY BOROUGH COUNCIL

£0.5m. placed at 8⅛%. £0.5m. bills outstanding.

WOLVERHAMPTON BOROUGH COUNCIL

£3.85m. issued at 8⅛%. Applications totalled £31.3m. £3.85m. bills outstanding.

Issue date 20th April 1977. Due date 19th October 1977:

CITY OF DUNDEE BOROUGH COUNCIL

£1.3m. issued at 8⅛%. Applications totalled £12.2m. £1.3m. bills outstanding.

BRIGHTON B.C.

£1.5m. bills issued April 20, 1977 due July 20, 1977 at 8⅛ per cent. Total applications £5.0m. No other bills outstanding.

CHELTENHAM BOROUGH COUNCIL BILLS

£300,000 bills issued April 20, 1977 maturing July 20, 1977 at 8⅛ per cent. Applications totalling £1,200,000 and there are £300,000 bills outstanding.

BOROUGH OF BLACKBURN BILLS

£800,000 bills issued April 20, 1977 maturing July 20, 1977 at 8⅛ per cent. Applications totalling £7,250,000. There are £800,000 bills outstanding.

CORPORATION OF LONDON PROMISSORY NOTES

£5,000,000 offered and issued on April 21, 1977 at an average rate of 8.45918 per cent. maturing July 21, 1977. Applications totalled £43,250,000. The total of Promissory Notes outstanding is £5,000,000.

DERBY BOROUGH COUNCIL BILLS

£1,000,000 due July 20, 1977, issued April 20, 1977 at an average rate of 8⅛ per cent. Applications totalling £8,000,000. These are the only bills outstanding.

CITY OF EDINBURGH BILLS

£1,500,000 bills issued April 20, 1977, maturing July 20, 1977 at 8 29-64ths per cent. Applications totalling £15,000,000 and there are £3,000,000 bills outstanding.

EDUCATIONAL

Senate raises U.S. wheat target price

WASHINGTON, April 21.

THE SENATE Agriculture Committee has approved a wheat target price of $3.10 a bushel and loan rate of $2.47 a bushel for next year.

The committee also voted to raise the target price to $2.90 a bushel for this year and adopted a proposal that the loan rate be paid to farmers without the deduction for storage charges previously imposed.

All the figures are substantially higher than those the administration has said it can accept.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

INDICES

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

Crop fear lifts soyabeans

NEW YORK, April 21.

OLD CROP soyabeans closed 19 cents higher on continued fear of crop shortages. Wheat and corn finished lower on Commission House selling prior to USDA grain stocks report. Sugar managed another good gain based upon trade buying. Gold closed on the highs of the day buoyed by chart buying. Copper finished a cent higher on Commission House buying, which was sparked by continuing good U.S. economic news, Bache reports.

Cocoa—Ghana spot 181½ (186). Bahia unavail. May 159.10 (163.55), July 154.10 (156.60), Sept. 149.95, Dec. 140.25, March 136.10, May 132.20, July 128.20, Sept. 124.20 nom. Sales: 1,363.

Coffee—"C" Contract: May 309.00 (313.00), July 315.25-315.50 (321.11), Sept. 316.25, Dec. 309.75, March 305.00, May 302.00-305.00. Sales: 1,049.

Copper—April 64.10 (63.10), May 64.30 (63.30), June 64.80, July 65.30, Sept. 66.30, Dec. 67.00, Jan. 68.00, March 68.50, May 69.60. Sales: 7,525.

Cotton—No. 2: May 75.40-75.50 (76.10), July 76.10-76.20 (76.64), Oct. 72.80-72.85, Dec. 68.30, March 69.10-69.20, May 69.50-69.70, July 69.50-69.60, Oct. 67.70 bid. Sales: 4,230.

†Lard—Chicago loose unavail. (25.00). New York prime steam 26.50 traded (same asked).

¶Gold—April 149.30 (146.30), May 149.70 (145.90), June 150.00, Aug. 151.50, Oct. 153.00, Dec. 154.60, Feb. 156.30, April 158.00, June 159.70, Aug. 160.40. Sales: 2,241.

*Maize—May 253½ (257), July 259 (260½), Sept. 261½-261, Dec. 263½-264½, March 272, May 275½.

‡Platinum—July 162.20 (163.50), Oct. 166.40 (166.50), Jan. 160.10, April 172.20, July 175.20. Sales: 160.

‡‡Silver—April 482.70 (480.50), May 483.20 (481.20), June 485.50, July 488.50, Sept. 492.60, Dec. 501.20, Jan. 503.90, March 509.90, May 514.10, July 519.20. Sales: 16,900. Handy and Harman spot 481.50 (482.00).

Soyabeans—May 1,045-1,048 (1,027½), July 1,032-1,036 (1,018½), Aug. 1,007-1,008, Sept. 832-833, Nov. 737-738, Jan. 739½-740½, March 744, May 745, July 745.

§Soyabean Meal—May 298.50-299.00 (286.50), July 290.00-295.00 (293.80), Aug. 294.00-293.00, Sept. 244.50, Oct. 210.50-211.00, Dec. 196.00-194.50, Jan. 194.50-194.00, March 193.50, May 194.50-195.00, July 196.00-197.00.

Soyabean Oil—May 30.83-30.80 (30.27), July 31.15-31.10 (30.40), Aug. 30.90, Sept. 29.50-29.70, Oct. 28.10-28.00, Dec. 27.40-27.35, Jan. 27.00-27.05, March 26.75-26.80, May 26.65, July 26.45.

Sugar—No. 11: Spot 10.60 (10.75). May 10.73-10.77 (10.72), July 10.87-10.89 (10.75), Sept. 10.82-10.81, Oct. 10.84-10.80, Jan. 10.60-10.75, March 10.75-10.76, May 10.70-10.72, July 10.73-10.75, Sept. 10.70-10.72. Sales: 6,220.

Tin—445.00-455.00 asked (441.00-455.00 asked).

**Wheat—May 265½-268½, July 274 (276½), Sept. 281½, Dec. 292½-292¾, March 300½-301, May 306½.

WINNIPEG, April 21: ††Rye—May 100.00 (100.80), July 102.00 asked (102.50 bid), Oct. 103.50 bid, Nov. 104.00 nom., Dec. 101.00 nom.

¢Oats—May 90.20 bid (90.00), July 88.50 bid (88.50 asked), Oct. 88.40 nom., Dec. 85.00 nom.

‡Barley—May 95.50 (95.20 bid), July 94.70 (94.50 asked), Oct. 94.70 bid, Dec. 95.00 nom.

dFlaxseed—May 341.00 bid (345.40 bid), July 339.00 bid (342.00), Oct. 331.00 asked, Nov. 322.00 bid, Dec. 320.00 asked.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 377½ (378½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ¶ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. § New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse. 5,000 bushel lots. ¢ Cents per 34-lb bushel. ‡ Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse. 1,000-bushel lots.

STOCK EXCHANGE REPORT

Fairly widespread equity gains on technical factors

Share index up 6.2 more at 418.7—Gilts rise in brisk trade

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 12	Apr. 21	Apr. 22	May 3
Apr. 25	May 5	May 6	May 17
May 9	May 19	May 20	May 31

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Technical considerations led to another fairly good day in equity stock markets yesterday, the chief underlying reason being the fact that institutions are buyers for choice. Little real business transpired, but the continued absence of sellers enabled prices to go better from the start and the firmness was held throughout the day sustained by further gains to ¾ in British Funds. The latter saw a good trade in the short- and medium-dated stocks and the Government Securities index put on 0.38 to 68.58 for a two-day rise of 0.61. Sentiment in the Funds was helped by news of the Scottish TUC's rejection of a militant resolution calling for an end to pay restraint and by money market indications of another ½ per cent. cut in Minimum Lending Rate to-day if the market-related formula is allowed to operate.

The market's equity leaders made little real progress after an good early start: this was illustrated in the F.T. 30-share index which was 5.3 better at 10 a.m. and moved within the narrow range of 0.6 up to 3 p.m. before closing at the day's best of 418.7, up 6.2. BP were outstanding on enthusiasm about President Carter's proposals regarding the pricing of Alaskan oil, the shares rising 56 to 910p at about 5 p.m. The rise in BP accounted for 0.9 of yesterday's index gain; improvements in other index constituents were limited to 4 and occasionally more.

Outside of the leaders, interest still centred on companies in the news and on the recent speculative favourites with the latter showing good gains in places. Hotels attracted renewed interest after the announcement of the bid approach to Centre Hotels (Cranston), while Shippings had an outstanding feature in Common Bros., which, in a thin market, jumped 39 to 282p—nearly double the 1977 low of 143p. The rises:falls ratio in F.T.-quoted Industrials widened to 4:1 from Wednesday's 7:4. The F.T.-Actuaries indices reflected the broad equity advance with the three main groups showing gains of 1.3 to 1.9 per cent.; the All-Share was 1.6 per cent. up at 176.04, while Oils stood out with a rise of just over 5 per cent. at 478.48.

Gilts up again

The lack of any improvement in the level of trade was seen in official markings of 5,268, only slightly better than Wednesday's 4,732 and still well below the recent daily average. South African Gold shares were down again, the Gold Mines index giving up another 4.3 at 109.6 which is about 20 per cent. below its 1977 peak which was recorded on March 7.

The psychological boost to Phase three hopes following the Scottish TUC rejection of the miners' call for an end to wage restraint ensured British Funds a firm start and, with the view gradually changing from one of doubt to the strong possibility of another small fall in Minimum Lending Rate to-day, the close was the day's highest in most cases. Once again, the yield structure of shorter issues was a major consideration and this end of the market attracted a heavy volume of business on both buying and selling account. Quotations still closed with rises extending to ¾, while medium-dated stocks made progress to a maximum of ⅝: the medium tap, Exchequer 9½ per cent., 1982, regained ¼ to 15, or par with its partly-paid issue price. Maturities from 1995 onwards were rather overshadowed and improved by only ⅜, while inquiries after the official close marginally extended the firm trend, usually by ⅛, in both medium and longer issues. Corporations were not entirely a backwater and edged forward another ½, but Southern Rhodesian bonds continued their downdrift, the 2½ per cent., 1965/1970, losing 2 points to £42.

General business in investment currency was uninspiring but a demand from one source contributed to a firmer trend, raising the premium to 118¾ per cent. in thin trading before an eventual close of 118¼ per cent., up 1½ on the day. Antofagasta Railway issues steadied after Wednesday's reaction on withdrawal of the Deltec LET Investments offer; the Ordinary, £19½, and Preference, £35½, both regained a point. Yesterday's SE conversion factor was 0.6944 (0.6955).

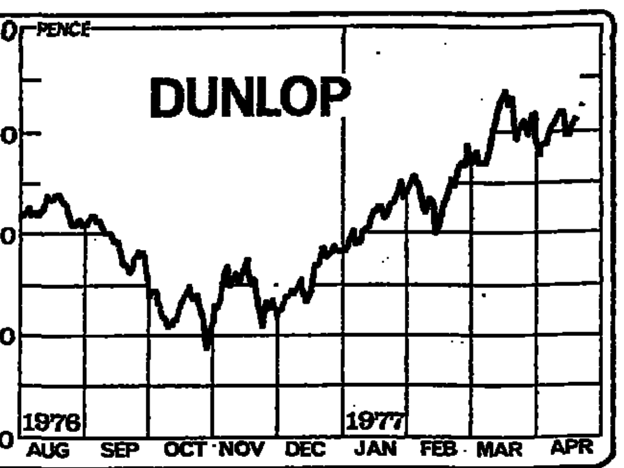
Discounts better

Helped by the upward movement in gilt-edged securities, Discount Houses took a modest turn for the better. Gillet Bros., 168p, and Jessel Toynbee, 75p, both gained 3, while Cater Ryder put on 5 to 255p. In the absence of any base lending rate reductions, home Banks were steady to slightly firmer. Barclays put on 3 to 250p, after 252p, but Midland, after touching 283, reverted to the overnight level of 280p.

With the exception of Leslie and Godwin, which eased a penny to 94p, after 92p, on the results, Insurances closed with modest gains. Publicity given to a brokers' circular helped Equity and Law rise 4 to 124p, while further consideration of the interim report left Sun Life 3 better at 68p.

Distillery concerns made fresh headway. Distillers moved up 3 to 139p, while gains of 4 were seen in Invergordon, 50p, and Tomatin, 62p. A. Bell hardened 2 to 206p and Geo. G. Sandeman edged up 3 to 40p.

Wednesday's quietly firm trend was repeated in Buildings. Richard Costain stood out with a fresh gain of 8 to 182p, for a two-day advance of 14 on buying ahead of the preliminary figures, expected next month. John Laing "A" improved 2 to 89p in front of next Monday's annual results, while improvements of 3 were recorded in Leyland Paint and Wallpaper, 45p, and George Wimpey, 59p. Further consideration of the record profits prompted an improvement of a penny in Travis and Arnold, 97p.



Slightly more interest was shown in Chemicals which closed firmer for choice. ICI opened 6 higher at 354p and remained at that level, after 356p, for most of the day, while renewed speculative support lifted Fisons 9 to 342p. Good results and optimism about current year prospects helped Alginate Industries put on 8 to 263p. Allied Colloids added 6 at 173p.

W. H. Smith up

Stores were featured by a further burst of strength in W. H. Smith, which rose 19 to 485p on buying in a thin market; the shares have risen 55 since reporting excellent results on April 6. The tendency otherwise was quietly firm and Marks and Spencer hardened 2 to 118p ahead of next Thursday's results. Mothercare and Gussies A were like amounts better at 266p and 218p, respectively. Support was forthcoming for J. Beattie A, which gained 6 to 110p, while a small demand ahead of the results, expected early-May, left Selincourt ½ harder at 14½p. Lee Cooper put on 3 to 88p as did John Menzies, to 125p. Stylo Shoes edged forward 2 to 29p; the preliminary figures are due next Tuesday.

GEC were reasonably lively in Electrical leaders and moved up to close 5 higher at 171p. EMI were also favoured at 206p, up 4, while Thorn "A" hardened 2 to 264p. Farnell encountered support ahead of the preliminary results, due next Tuesday, and put on 7 to 116p. Speculative favourites, MK Electric, 138p, and Muirhead, 172p, firmed 4 and 5, respectively, while Unitech gained 4 to 66p. United Scientific rose afresh to 200p before closing only a penny harder at 198p.

Hawker once again led the advance in Engineerings, rising 4 more to 546p on the effects still of the excellent results and proposed share subdivision. Tubes also gained 4 to 396p, while GKN put on 3 to 307p with the new nil-paid shares 4 better at 32p premium. Elsewhere, speculative buying on hopes of a bid from Hawker prompted a fresh gain of 4 to 105p in Tecalemit, while the sharply higher first-half profits lifted Martonair International a like amount to 118p. Staveley Industries gained 4 to 197p and APV added 7 to 380p, while Hopkinsons, results due next Tuesday, put on 3 at 74p. Satisfactory trading statements brought rises of 2½ and 2, respectively, in Richardson Westgarth, 47p, and GHP, 120p. Comment on the results helped Delta Metal harden a penny to 65p, but British Northrop lost a penny more to 102p, for a two-day fall of 9 on disappointment with the annual results.

In firm Foods, J. Bibby rose 5 to 122p for a two-day gain of 15. Linfood improved 5 to 240p, while gains of 3 were seen in J. B. Eastwood, 73p, Rowntree Mackintosh, 228p, and Pork Farms, 188p. After Wednesday's late rise of 6 on vague talk about another bid from the parent Generale Occidentale for the outstanding minority interest, Cavenham fluctuated narrowly in active trading before closing at the overnight level of 140p. William Low continued to figure prominently in Supermarkets, moving up 6 to 92p for a two-day rise of 10 on further consideration of the interim figures. Tesco hardened a penny to 44½p and Lennons firmed 2 to 33p.

Hotels and Caterers had another good session following the announcement that Centre Hotels (Cranston), up 5 at 46p, had received a bid approach. De Vere improved similarly to 150p, while Savoy "A", 57p, and Rowton, 113p, put on 4 apiece. Trust Houses Forte were noteworthy for a rise of 3 to 141p. Among small-priced issues Queens Moat firmed a penny to 13½p and Norfolk Capital hardened 2 to 15p.

Gallenkamp rise

Beecham closed a shade below the best at 434p, up 6, after 436p. Elsewhere among Miscellaneous Industrial leaders, Glaxo put on 9 to 482p and Pilkington Bros. 4 to 312p, while Boots improved 3 to 152p following the company's plans to extend its operations in North America. Gallenkamp rose 6 further to 286p on continued speculative demand, while Sunlight Services hardened a penny to 19½p in response to the increased dividend and profits. Bestobell, at 146p, regained the previous day's fall of 2 which followed the preliminary statement. Hepworth Ceramic advanced 4 to 61p in response to the proposed £11.47m. rights issue and forecast of an increased dividend, while the 7½ per cent. Convertible loan stock moved up 10 to £150. Martin Black rallied a penny to 75p, after Wednesday's reaction on the lower profits. De La Rue firmed 7 to 370p and IC Gas rose a similar amount to 382p. Horizon Midlands, up 2 at 35p, reflected satisfaction with the preliminary results, while Long and Hambly hardened a trifle to 19½ on the increased half-yearly profits. Charringtons found buyers at 44p, up 4p, and similar gains were seen in Avon Rubber, 129p, and Eastern Produce, 52p.

Dunlop were the centre-piece in Motors and Distributors, edging forward in active trading to 104p ahead of the preliminary figures before closing a penny better on balance at 103p following annual profits which matched market estimates. Crane Fruehauf responded to Press comment with a rise of 2 to 33p. BSG International hardened 1½ to 27½p, while encouraging trading news helped H. Perry, a penny harder at 81p, and Wadham Stringer, 3 better at 28p. Zenith Carburetter A, however, finished 3 easier at 79p on consideration of the chairman's statement.

North Sea oil orientated issues were prominent in the Newspaper sector. Thomson gained 10 at 480p and Daily Mail A put on 5 to 275p, while Associated were 3 to the good at 158p. Elsewhere, Beaverbrook A rose 2½ to 39p and Home Counties added 5 to 48p, after 49p, both on investment recommendations. Among Paper/Printings, Ault and Wiborg hardened 1½ to 29½p and John Waddington gained 4 to 150p.

BP feature

With President Carter's proposals regarding the pricing of Alaskan oil favourably received, British Petroleum encountered local and late U.S. demand and, in the course of a useful business, pushed ahead to close 56 higher at the day's best of 910p. Shell were a firm market at 496p, up 16, in sympathy, while Royal Dutch advanced 1½ to £48¾ on overseas and dollar premium influences. Still reflecting the smaller-than-expected loss, Burmah were a lively market again and moved between extremes of 69p and 72p before closing a penny dearer on balance at 70p. Lasmo rose to 303p before settling at 300p, for a rise of 5, while Oil Exploration continued firmly at 104p, up 5. Attock rallied 4 to 117p and Woodside Burmah 3 to 36p.

Properties took a modest turn for the better. Leaders to improve a penny or so included British Land, 40p, English Property, 39½p, and MEPC, 80p. Elsewhere, Great Portland rose 4 to 212p and Imry were a like amount higher at 162p. Interest revived in Clarke Nickolls, 3 to the good at 41p, while similar rises were recorded in Property Investment and Finance, 72p, and Slough Estates, 80p. Gilgate Holdings, however closed ½ lower at 8p, on the group loss and passing of the dividend.

Apart from Gill and Duffus, 4 cheaper at 222p on occasional profit-taking, Overseas Traders presented a firm appearance. Harrisons and Crosfield advanced 13 to 525p, while Inchcape, 385p, and Steel Bros., 284p, both put on 12. Jamaica Sugar improved 3 to 24p.

English and Caledonian Investment were again prominent in otherwise quietly firm Investment Trusts and rose 8 to 86p, after 89p, after an active trade encouraged by Wednesday's announcement of the bid approach. Scottish Ontario hardened 3 to 112p, while numerous gains of 2 included Cable Trust, 122p, Meldrum Investment, 36p, and Moorside Trust, 72p. Financials had little to offer. Chaddesley were fractionally firmer at 11p and Hampton Trust a penny better at 8½p.

Press comment highlighting the company's asset value directed fresh attention to Common Bros. which jumped 39 to 282p on small aggressive buying in a restricted market. Elsewhere in Shippings, Milford Docks responded to the increased dividend and profits with a rise of 3 to 78p. Gains of 5 were seen in Furness Withy, 255p, and Stag Line, 172p, while Lyle improved 3 to 154p. Ocean Transport ended 1½ firmer at 145p in front of the chairman's annual statement.

Among firm Textiles, Moorhouse and Brook featured with a jump of 7 to 63p on the vastly improved results. Courtaulds ended 3 up at 123p, while Carpets International, 67p, and Coats Patons, 69½p, both closed 1½ harder. Dawson International hardened 2 to 80p as did Wood Bastow, to 67p.

Rubbers provided firm spots in Plantation Holdings, which responded to Press comment with a rise of a penny, to 30p, and Batu Malang, up 5 at 112p on the increased offer from LYC Securities.

Purbeck featured Teas, rising 6 to 61p on the substantially improved profits. Blantyre continued firmly, gaining 5 at 305p for a two-day advance of 65 on consideration of the results. Warren rose 5 to 164p, while Williamson, 156p, and Western Dooars, 130p, put on 8 and 10, respectively.

Golds fall afresh

The continued weakness of the bullion price, which was finally 50 cents off at $148.625 per ounce for a three-day fall of $2.75, caused a further setback in prices of South African Golds.

Prices were marked down at the outset and with interest again down to a minimum, prices lost further ground throughout the day, although a small U.S. ... in the late trade had a s... effect. The Gold Mine... dropped 4.3 more to 1... lowest since February 1... three-day reaction of 11...

Among the heavyweight... of ¾ were common to ... tein, West Driefontein ... Western Holdings at £... and £11¼ respectively.

In front of the sharply ... March working surplu... Reefs fell 38 to 962p. ... lower-priced stocks range... as in Blyvoor, 285p, Stil... 170p and Venterspost, 10...

Free State Saaiplaas dr... to 85p in front of the sh... in uranium profits for the ... quarter.

Apart from the notable ... tion of Rio Tinto-Zinc ... advanced 5 more to a 19... of 239p in a good two-wa... Financials gave ground ... pathy with Golds.

Of the overseas-based ... "Amgold" fell a half-p... £13¾ and General Mining ... while in the London-re... issues, Charter, 122p, an... Fields, 161p, both shed 3.

Coppers were again ... reflecting the further fall ... metal price. Messina dr... to 162p and Minorco eased ... 1977 low of 155p. Ti... declined with new-lows ... year registered in Ayer ... 5 down at 310p, Southern ... 2 cheaper at 79p and S... Malayan 3 off at 150p.

In a subdued Australian ... Pancontinental closed ... balance at £11, after £10... to local interest while ... ings hardened 2 to 230p.

Elsewhere, Beralt Tin ... fram rose 2 more to a 19... of 49p: the 1976 results ... pected at the end of the m...

FINANCIAL TIMES STOCK INDICES

	Apr. 21	Apr. 20	Apr. 19	Apr. 18	Apr. 15	Apr. 14
Government Secs.	68.58	68.20	67.97	68.06	68.94	69.23
Fixed Interest	69.31	69.18	69.03	69.01	69.78	70.02
Industrial Ordinary	418.7	412.5	406.1	409.1	416.5	421.0
Gold Mines	109.6	113.9	116.1	121.1	120.8	124.1
Ord. Div. Yield	5.48	5.54	5.56	5.57	5.49	5.46
Earnings Y'ld % (full)	16.38	16.71	16.59	16.61	16.29	16.69
P/E Ratio (net) (*)	8.86	8.81	8.59	8.61	8.73	8.78
Dealings marked	5,268	4,732	5,053	5,592	4,957	5,150
Equity turnover £m.	—	52.61	43.39	48.89	62.98	66.36
Equity bargains total	—	12,954	12,483	15,207	12,559	14,346

10 a.m. 417.5. 11 a.m. 417.6. Noon 418.2. 1 p.m. 417.8. 2 p.m. 418.2. 3 p.m. 418.1.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=8.91.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	70.96 (31/3)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.75 (1/4)	60.49 (4/1)	160.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	433.8 (17/3)	357.6 (12/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	137.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 21
Daily—	
Gilt-Edged	150.5
Industrials	190.6
Speculative	31.7
Totals	119.9
5-day Average—	
Gilt-Edged	155.5
Industrials	182.4
Speculative	31.4
Totals	116.4

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
62	F.P.	17.5	21.5	[illegible]	[illegible]	English China Clay	+2
265	nil	—	—	34pm	27pm GKN	32pm	+4
44	nil	—	—	24pm	[illegible] Leigh Interests	24pm	+1
48	nil	—	—	9pm	[illegible] Lex Service Group	8pm	+1
74	F.P.	15.4	15.4	81	[illegible] Pauls & Whites	76	...
240	F.P.			314	[illegible] Racal Elect.	313	+5
110	nil	—	—	38pm	[illegible] Sale Tilney	38pm	...
150	nil	—	—	66pm	[illegible] Spirax-Sarco	66pm	+2
75	nil	14.5	15.5	nil	nil Steel and Barnett	nil	...
42	F.P.	25.3	25.3	69	[illegible]	69	...

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. g Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977-78. u Gross. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✠ Offered to holders of Ordinary shares as a "rights." ● 290 S.Afr. cents. § Rights by way of capitalisation. ~ Minimum tender price. ◆ Reintroduced. ¤ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. : Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants. ♦ After suspension.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
Shell Transport ...	25p	19	496	+16	524	454
BP ...	£1	18	910	+56	956	770
BATs Defd. ...	25p	12	223	—	245	204
Burmah Oil ...	£1	12	69	—	78	41
GEC ...	25p	10	171	+5	204	163
ICI ...	£1	10	354	+6	369	325
BSG Intl. ...	10p	9	27	+1½	27½	10¾
Centre Hotels ...	10p	9	46	+5	46	19
Gill and Duffus ...	25p	9	222	−4	233	138
GKN "New" ...	Nil/pd.	9	32pm	+4	34pm	27pm
Glaxo ...	50p	8	482	+9	498	401
Press (Wm.) ...	5p	8	53	+2	65½	24
RTZ ...	25p	8	239	+5	239	173
Trust Houses Forte	25p	8	141	+3	152	112
Beecham ...	25p	7	434	+6	452	372

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

OPTIONS TRADED

Calls were dealt in Savoy A, Capital and Counties Property, AVP, Lennons, Adda International, Newman Industries, P. and O. Deferred, and Tricentrol. Puts were done in Courtaulds, Bowater, ICI, Glaxo, Reed International and Lucas Industries, while doubles were arranged in Burmah Oil, Shell Transport, Beecham, Glaxo, Lofs, Lonrho and ICI. Short-dated puts were transacted in Glaxo and ICI, while doubles were transacted in Burmah Oil, Shell Transport and ICI.

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apl. 20	May 2	July 21	Aug. 4
May 3	May 16	Aug. 4	Aug. 18
May 17	May 30	Aug. 18	Sep. 1

For rate indications, see end of Share Information Service.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs. April 21, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. April 20 Index No.	Tues. April 19 Index No.	Mon. April 18 Index No.	Fri. April 15 Index No.
1	CAPITAL GOODS (177)	163.61	+1.5	18.32	6.37	8.05	161.27	159.81	160.48	162.85
2	Building Materials (29)	139.22	+1.4	19.24	7.25	7.72	137.23	136.30	137.11	139.01
3	Contracting, Construction (24)	240.15	+2.4	18.68	4.63	8.13	234.46	233.62	234.72	240.21
4	Electricals (16)	315.08	+2.2	17.58	5.14	8.43	308.27	303.49	308.88	315.08
5	Engineering (Heavy) (11)	219.98	+1.1	24.31	6.00	5.62	217.62	214.36	215.58	218.46
6	Engineering (General) (67)	146.90	+1.0	17.58	7.03	8.37	145.43	144.46	143.49	144.99
7	Machine and Other Tools (9)	75.40	+0.1	26.38	8.01	5.78	75.33	74.22	74.34	74.88
8	Miscellaneous (21)	139.19	+0.5	17.21	6.86	8.52	138.45	137.31	138.35	140.11
11	CONSUMER GOODS (DURABLE) (52)	146.49	+1.2	19.20	5.48	7.78	144.76	143.56	143.77	146.46
12	Lt. Electronics, Radio TV (15)	166.41	+1.4	17.46	4.41	8.62	164.11	162.57	162.31	166.16
13	Household Goods (12)	148.60	+0.6	20.87	8.18	6.95	147.67	146.80	147.91	150.02
14	Motors and Distributors (25)	94.73	+1.0	21.36	6.39	7.00	93.74	93.06	93.47	94.65
21	CONSUMER GOODS (NON-DURABLE) (171)	160.00	+1.2	15.14	6.34	9.74	158.14	156.14	156.79	159.11
22	Breweries (15)	165.84	+0.1	15.23	7.25	9.88	165.60	164.45	166.38	170.97
23	Wines and Spirit (6)	180.21	+2.1	14.11	6.29	10.87	176.46	172.88	172.27	174.12
24	Entertainment, Catering (15)	197.96	+1.9	15.76	7.43	9.62	194.26	191.83	193.59	196.36
25	Food Manufacturing (21)	169.87	+0.9	17.84	5.73	8.32	168.28	166.31	166.00	168.83
26	Food Retailing (17)	171.43	+1.6	12.60	4.86	11.50	168.79	166.72	167.29	167.70
32	Newspapers, Publishing (16)	253.74	+1.6	10.42	4.39	14.55	249.77	248.20	249.14	250.45
33	Packaging and Paper (14)	110.97	+0.8	16.97	7.27	9.06	110.11	108.75	109.27	110.40
34	Stores (35)	138.00	+1.3	11.54	5.22	13.37	136.17	133.75	134.22	136.58
35	Textiles (24)	157.16	+2.1	13.93	7.70	11.23	153.87	153.51	153.37	156.97
36	Tobaccos (3)	210.47	+0.5	21.63	8.53	6.14	209.47	206.81	208.99	209.89
37	Toys and Games (5)	84.29	+0.8	20.05	7.63	6.62	83.63	82.62	82.90	84.15
	OTHER GROUPS (96)									
42	Chemicals (26)	225.08	+1.6	16.40	5.27	8.70	221.60	219.88	221.29	225.77
44	Office Equipment (7)	91.43	+1.1	17.35	6.12	7.97	90.40	90.48	91.24	92.22
45	Shipping (10)	457.04	+0.8	13.19	5.88	10.54	453.59	449.71	442.14	451.02
46	Miscellaneous (53)	166.05	+0.8	16.54	7.44	9.04	164.78	162.86	164.18	167.21
49	INDUSTRIAL GROUP (496)	166.57	+1.3	16.45	6.21	8.92	164.50	162.79	163.49	166.14
51	Oils (4)	478.48	+5.1	11.58	3.77	10.03	455.33	454.45	462.57	463.92
59	500 SHARE INDEX	191.59	+1.9	15.55	5.76	9.10	187.94	186.27	187.52	190.11
61	FINANCIAL GROUP (100)	128.17	+0.5	—	6.32	—	127.51	127.72	128.12	130.30
62	Banks (6)	149.26	+0.3	27.76	6.44	5.52	148.75	148.44	147.80	150.92
63	Discount Houses (10)	165.92	+0.7	—	8.87	—	164.81	163.59	164.46	169.31
64	Hire Purchase (5)	124.88	+0.7	7.46	5.60	27.12	124.03	123.18	123.18	125.28
65	Insurance (Life) (10)	102.71	+1.2	—	7.88	—	101.52	102.01	102.53	103.84
66	Insurance (Composite) (7)	101.01	+0.3	—	7.47	—	100.73	101.76	102.17	103.41
67	Insurance Brokers (10)	272.96	+0.1	13.16	4.85	11.38	272.81	271.69	272.37	277.52
68	Merchant Banks (15)	64.19	+0.4	—	6.77	—	63.91	63.70	63.96	65.38
69	Property (31)	168.21	+1.1	4.59	3.32	34.67	166.36	165.96	168.21	171.17
70	Miscellaneous (6)	83.35	−0.2	17.20	10.34	9.04	83.50	84.33	85.23	85.85
71	Investment Trusts (50)	167.83	+1.1	3.26	4.76	30.72	166.00	165.66	166.69	168.65
81	Mining Finance (4)	101.56	+0.6	15.05	5.18	7.96	100.91	100.54	102.51	101.37
91	Overseas Traders (18)	266.83	+1.5	17.03	6.14	8.22	262.86	261.82	259.78	261.61
99	ALL-SHARE INDEX (672)	176.04	+1.6	—	5.79	—	173.19	172.03	173.08	175.41

FIXED INTEREST

		Thurs. April 21 Index No.	Yield %	Wed. April 20	Tues. April 19	Monday April 18	Friday April 15	Thurs. April 14	Wed. April 13	[illegible]
1	Consols 2½% yield ...	—	12.65	12.75	12.80	12.79	12.55	12.47	12.46	12.46
2	20-yr. Govt. Stocks (6)	53.74	12.15	53.55	53.27	53.52	54.74	54.71	54.75	54.78
3	20-yr. Red. Deb. & Loans (15)	54.94	13.50	55.05	55.05	55.24	55.56	55.47	54.77	54.78
4	Investment Trust Prefs. (15)	50.92	13.91	50.44	50.43	50.17	50.15	50.15	50.25	49.81
5	Coml. and Indl. Prefs. (20)	69.85	13.27	69.79	69.66	69.48	69.51	69.53	69.61	69.66

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (101)

BRITISH FUNDS (2), CORPORATION LOANS (2), COMMONWEALTH & AFRICAN LOANS (2), AMERICANS (2), BANKS (4), BEERS (1), BUILDINGS (3), CHEMICALS (1), DRAPERY & STORES (5), ELECTRICALS (6), ENGINEERING (13), FOODS (3), HOTELS (8), INDUSTRIALS (18), MOTORS (2), NEWSPAPERS (2), PAPER & PRINTING (2), SHIPPING (2), TEXTILES (2), TRUSTS (7), OILS (1), OVERSEAS TRADERS (2), RUBBERS (1), TEAS (1), MINES (2)

NEW LOWS (12)

HOTELS (1): Borel (J.)
INDUSTRIALS: Franklin Mint, Sieben (U.K.)
OILS (1)
MINES (9): Hartebeest, President Brand, South Vaal, Charter Cons., Minorco, Ayer Hitam, Malay Dredging, Southern Malayan

RISES AND FALLS YESTERDAY

British Funds; Corpns. Dom. and Foreign Bonds; Industrials; Financial and Prop.; Oils; Plantation; Mines; Recent Issues; Totals

ابريل ١٩٧٧

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	42.7	44.8	+0.3	5.96
BL Balanced*	38.9	39.8	.....	5.79
BL Dividend*	35.1	37.5	.....	8.72

Prices April 20. Next dealing April 27.

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN. 01-628 8011

(ag) Guardhill Tst.	71.7	74.2	+0.7	5.82

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Allied Irish Banks Ltd.	9½%	■ Hill Samuel	§ 9½%
American Express Bank	9½%	C. Hoare & Co.	† 9½%
A P Bank Ltd.	9½%	Julian S. Hodge	10½%
Henry Ansbacher	10 %	Hongkong & Shanghai	9½%
Banco de Bilbao	9½%	Industrial Bk. of Scot.	9½%
Bank of Credit & Cmce.	9½%	Keyser Ullmann	10 %
Bank of Cyprus	9½%	Knowsley & Co. Ltd.	11 %
Bank of N.S.W.	9½%	Lloyds Bank	9½%
Banque du Rhone S.A.	10 %	London & European	11 %
Barclays Bank	9½%	London Mercantile	9½%
Barnett Christie Ltd.	12 %	Midland Bank	9½%
Bremar Holdings Ltd.	11 %	■ Samuel Montagu	9½%
Brit. Bank of Mid. East	9½%	■ Morgan Grenfell	9½%
■ Brown Shipley	9½%	National Westminster	9½%
Canada Permanent AFI	9½%	Norwich General Trust	10 %
Capitol C & C Fin. Ltd.	10½%	P. S. Refson & Co.	9½%
Cayzer, Bowater Co. Ltd.	10 %	Rossminster Accept'cs	9½%
Cedar Holdings	12 %	Royal Bk. Canada Trust	9½%
■ Charterhouse Japhet	9½%	Schlesinger Limited	10½%
C. E. Coates	10½%	E. S. Schwab	11 %
Consolidated Credits	9½%	Security Trust Co. Ltd.	11 %
Co-operative Bank	* 9½%	Shenley Trust	14 %
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Trade Development Bk.	9½%
G. R. Dawes	11 %	Twentieth Century Bk.	11 %
Duncan Lawrie	9½%	United Bank of Kuwait	9½%
Eagil Trust	9½%	Whiteaway Laidlaw	10 %
English Transcont.	10 %	Williams & Glyn's	9½%
First London Secs.	9½%	Yorkshire Bank	9½%
First Nat. Fin. Corpn.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Antony Gibbs	9½%		
Goode Durrant Trust	9½%		
Greyhound Guaranty	9½%		
Grindlays Bank	‡ 9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5%, 1-month deposits 5½%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 5¾% and over £25,000 6¼%.
‡ Call deposits over £1,000 5%.
§ Demand deposits 6½%.

FOOD PRICE MOVEMENTS

	April 21 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	915	915	915
British A.1 per ton	890	890	865
Irish Special per ton	875	875	840
Ulster A.1 per ton§	875	875	840
BUTTER (packet)			
NZ per 20 lbs	9.74-9.82	9.74-9.82	9.74-9.82
English per cwt†	55.86	55.86	57.12
Danish salted per cwt†	58.65-60.54	58.65-60.48	58.65-60.48
CHEESE¶			
English cheddar rindless per tonne	1,051.13	1,051.13	1,051.13
NZ per tonne	975.0	975.0	925.50
EGGS*			
Home-prod. Standard	3.40-3.60	—	4.10-4.20
Large	4.10-4.30	—	4.15-4.40

	April 21 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	43.0—45.0	42.5—45.0	43.0—46.0
Eire forequarters	28.0—30.0	29.0—32.0	31.0—33.0
LAMB			
English	63.0—68.0	70.0—72.0	54.0—61.0
NZ PLs-PMs	40.5—42.0	40.5—42.0	40.0—42.0
MUTTON			
English ewes	—	—	—
PORK (all weights)	29.0—38.0	29.0—37.0	29.0—36.0
POULTRY			
Broiler chickens	32.0—36.0	32.0—36.0	31.0—36.0

* London Egg Exchange price per 120 eggs. † Delivered.
¶ For delivery April 23-30.

Schroder Life Group♥
Enterprise House Portsmouth 0705 27733

Flex. April 19.	110.5	116.4	...	—
Equity April 19	182.7			—
Equity 2 April 19	179.3	188.8	...	—
Prop. April 19	126.1	132.9	...	—
Fxd Int April 19	129.5	136.4	...	—
Money Fund	102.8	108.3	...	—
Deposit April 19	108.9	114.7	...	—
Pen. Cps. April 19	157.8	166.2	...	—
Pen Acc April 19	179.9	189.5	...	—
Exec. Pen Cap.	111.72		...	—
Exec. Pen. Acc.	126.93		...	—
Individual Life Funds				
Fixed Interest	139.0	146.4	...	—
Equity	106.4	112.1	...	—
Property	126.8	133.5	...	—
Managed	128.6	135.4	...	—
Money	112.0	118.0	...	—
K & S. Gilt Bds.	132.2	135.0	...	—
K & S. Govt. Sec	111.7	117.6	...	—
Commodity UT	65.3	69.8	...	—
Growth UT	114.7	120.8	...	—
Capital UT	113.8	119.8	...	—
Income UT	119.3	125.6	...	—
International UT	135.1	142.2	...	—

Scottish Widows' Group
PO Box 902, Edinbrgh. EH16 5BU 031-655 6000

Inv. Ply Series 1	87.7	37.7	...	—
Inv. Ply Series 2	83.1	87.5	...	—
Ex. Ul. Tr. Apr. 6.	115.1	120.6	...	—
Mgd Pens. Apr. 13.	207.5	215.3	...	—

♦Exempt Ins Tst Fd	111.5		...	—
Flexible Fund	97.2		...	—
Inv. Trust Fd	108.9		...	—
Moneymaker Fd	25.8		...	—
Property Fund	68.2		...	—

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor Windsor 68144

Life Inv. Plans	61.3	64.5	...	—
FutureAssd Gth(a)	18.9		...	—
FutureAssd Gth(b)	43.0		...	—
Ret. Assd Pens	£21.46		...	—
Flex. Inv. Growth	102.4	107.8	...	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ø Suspended. ♦ Yield before Jersey tax.

INSURANCE BASE RATES

† Property Growth	10½%
Cannon Assurance	7 %

† Address shown under Insurance and Property Bond table.

CORAL INDEX: Close 417-422

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	98¾	Treasury 11½pc '77‡‡	101	+⅛	11.34	7.94
97⅝	93	Treasury 5pc '77‡‡	97⅜xd	+⅛	3.08	7.83
99	94	Transport 4pc '72-77	97	+	4.11	8.00
100⅛	95⅝	Treasury 9pc 1978‡‡	100⅛	+	8.99	8.81
102	97¾	Treasury 10½pc '78‡‡	101	+	10.31	8.90
97¼	90	Exch. 5pc '76-78	96¾	+⅛	5.17	7.41
103⅝	95	Treasury 11½pc '79‡‡	103⅝	+⅜	11.12	9.47
93½	84	Treasury 3pc '79‡‡	91½	+⅛	3.28	6.88
95	85⅛	Electric 4¼pc '74-79	93⅞	+⅛	4.53	7.02
102¼	77½	Treasury 10½pc '79‡‡	102¼xd	+¼	10.27	9.47
92⅝	84⅞	Electric 3½pc '76-79	91¼xd	+¼	3.81	7.07
100	87¼	Treasury 9pc 1980‡‡	100	+⅛	9.00	8.98
100	88½	Treasury 9½pc '80‡‡	100xd	+⅛	9.46	9.54
91	82⅞	Treasury 3½pc '77-80	89⅛	+⅛	3.93	7.45
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 44⅝% (based on $US1.7193 per £)

Conversion factor 0.6944 (0.6955)

CANADIANS

[illegible]

S.E. List Premium 44⅝% (based on $US1.9024 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc.

[illegible]

TRUSTS—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	145	[illegible]	162	−3	Q45c	2.8	18.6

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	[illegible]	9½	...	—	—	—
29	18	Charterhall 5p	26	−2	—	—	—
107	58	Colby Mines [illegible]	92	−9	—	—	—
600	425	Cons. Murch. 10c	450	−10	Q140c	1.4	20.8
440	355	Northgate C$1	395	+5	—	—	—
239	173	R.T.Z.	239	+5	5.96	q4.2	3.9
70	46	Sabina Inds C$1	47	−2	—	—	—
£14¼	£11½	Tara Explm. $1	£14⅛	−⅛	—	—	—
53	39	Tehidy Minerals 10p	43	...	1.19	φ	4.3
160	123	Yukon Cons. C$1	155	−3	Q6½c	φ	1.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues; cover relates to previous dividend or forecast.
- Free of Stamp Duty.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	20	...	Sayers 12½p	32	.....
Ash Spinning	40	...	Sheffield Brick	52	.....
Bertam	17	...	Sheff. Refrshmt.	160	.....
Bdg'wtr. Est. 50p	251	−1	Shiloh Spinn.	20	.....
Clover Croft	21	..	Sindall (Wm.)	56	.....
Craig & Rose £1	360	...			
Dyson (R.A.)	22	.....	**IRISH**		
Ellis & McHdy	59	.....			
Evans F'k 10p	34	..	Conv. 9% '80/82	£92½	+¼
Everard	71	..	Alliance Gas	43	.....
Fife Forge	65	..	Arnott	245	.....
Finlay Pkg. 5p	16½	...	Carroll (P.J.)	85	.....
Graig Ship. £1	325	.....	Clondalkin	41xd	.....
Halls Sleigh 10p	5½	.....	Concrete Prods.	75	.....
Higsons Brew	80	...	Heiton (Hldgs.)	27	.....
I.O.M. Stm. £1	153	...	Ind. News	55	.....
Holt (Jos.) 25p	215	...	Ins. Corp.	120	.....
Kleen-e-Ze	42	....	Irish Distillers	52	.....
Lovell's Ship £1	120	.	Irish Ropes	125	.....
N'thn. Goldsmith	25	...	Jacob	47	.....
Pearce (C.H.)	100	...	Sunbeam	17xd	−1
Peel Mills	15	...	T.M.G.	130xd	.....
Robb Caledon 5p	36½	+1½	Unidare	60	+3

OPTIONS

3-month Call rates

Industrials					
A. Brew	6½	Hawker Sidd	40	Tube Invest.	30
A.P. Cement	16	House of Fraser	8	Unilever	40
B.S.R.	10	I.C.I.	25	Utd. Drapery	7½
Babcock	8	"Imps"	7	Vickers	15
Barclays Bank	25	I.C.L.	14	Woolworths	6
Berry Wiggins	5	Inveresk	7		
Beecham	32	Ladbroke	11	**Property**	
Boots Drug	12	Legal & Gen.	12	Brit. Land	3½
Bowaters	15	Lex Service	5	Cap. Counties	3
B.A.T.	21	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	7
Brown (J.)	17	London Brick	5	Land Secs.	14
Burton 'A'	6	Lonrho	8	MEPC	7
Cadburys	5	Lucas Inds.	20	Peachey	
Courtaulds	10	Marks & Spncr	10	Sam	
Debenhams	8	Midland Bank	25		
Distillers	13	Nat. West. Bank			
Dunlop	8½	Do. Warrants			
Eagle Star	11	P & O Dfd.			
E.M.I.	20	Plessey			
Gen. Accident	17	R.H.M.			
Gen. Electric	17	Rank Org.			
Glaxo	35	Reed Intl.			
Grand Met.	7	Revrell			
G.U.S. 'A'	10	Spillers			
Guardian	18	Tesco			
G.K.N.	25	Thorn			
		Trust			

A selection of Op[tions traded on the] London Sto[ck Exchange]

FINANCIAL TIMES
Friday April 22 1977

Romania plans Western atom power plants

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

BUCHAREST, April 21.

ROMANIA is about to complete a major deal for Western nuclear technology. It will be the first of its kind by a Warsaw Pact country, and specifically reflects Romania's determination to keep the Russians out of its nuclear programme.

The deal will be for the Canadian Candu system and involve delivery of technology and equipment for several power stations.

According to Mr. Constantin Stanciu, the Deputy Foreign Trade Minister who is conducting the negotiations, the deal should be signed this year, and work on the first nuclear plant will begin next year.

Sovereignty

He said that by 1990 Romania planned to have no less than 16 nuclear power stations, though not all of them would be of the Candu type.

The choice of the Candu system had been dictated by Romania's need "to protect its national sovereignty."

Since the obvious supplier of nuclear technology would in normal circumstances be the Soviet Union, this can only mean that the Romanians are fearful of the influence the Russians would have if they acquired Soviet equipment.

Importing from the West, however, poses its own problems. Mr. Stanciu said that he was aware of the international row over exports of nuclear technology.

But he expected his deal to go through smoothly because the country has signed the nuclear non-proliferation treaty and accepts supervision by the International Atomic Energy Authority in Vienna.

The point about the Candu system is that it uses natural uranium as opposed to enriched. This means that Romania will be able to use its own supplies of uranium which are considerable—without having to send it to the Soviet Union for enrichment.

Candu, therefore, has the double attraction of being non-Soviet and able to consume fuel Romania can produce.

All other East European countries and Cuba have based their nuclear plans exclusively on Soviet technology.

They also rely entirely on the Russians for uranium enrichment. Even countries like Czechoslovakia which have sizeable resources, depend on Russia.

Under the proposed Candu deal Romania would manufacture some of the equipment. The steel industry is already being developed to produce the large castings necessary for nuclear reactors.

Moss Evans elected to succeed Jones

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE NEXT general secretary of the 1.9m.-member Transport and General Workers' Union will be Mr. Moss Evans, a 51-year-old Welshman.

He takes over from Mr. Jack Jones, who retires at the age of 65 at the end of next March.

Mr. Evans won 46.4 per cent. of the votes in a national branch ballot of the members from a poll of 39 per cent. The widely predicted result was declared yesterday evening.

The runner-up was Mr. John Cousins, a former national official of the union and son of Mr. Frank Cousins, the former general secretary. He polled about a third of Mr. Evans' total.

Mr. Cousins, junior, who works for the National Economic Development Office, campaigned vigorously through the Press on an anti-social contract platform.

The publicity was clearly a big factor in his favour, but it did not stop Mr. Evans from coming top in all but one—Scotland—of the union's 11 regions.

Mr. Cousins' vote pushed the leading Left-wing candidate, Mr. Alec Kitson, executive officer, down to third place, although he topped the poll in Scotland.

Fourth was Mr. Larry Smith, national secretary for the busmen. Mr. Jones took over in August, 1969, with 63 per cent. of a 38 per cent. poll.

He said yesterday that the branch ballot was "quite substantial" even compared with postal ballots, in spite of the fact that more than 1m. TGWU members did not vote.

Mr. Jones said that, during his retirement, he would continue to help pensioners to get justice, and, after a lifetime in the union, would "still be trying to organise for the TGWU."

'Free bargaining'

There was "no chance" that he would accept a peerage. He would urge the union's conference in July to call again for the abolition of the House of Lords, and the political patronage it represented.

Mr. Evans said that he would dedicate himself to carrying out the policies decided by the union's lay committees and biennial conferences.

Both he and Mr. Jones repeatedly stressed that it was the members, not the general secretary, who made policy, whatever the newspaper headlines might say.

Mr. Evans added: "In my election address, I made no secret of the fact that I believed in free collective bargaining. When the conference makes its decision, that decision will be operated to the letter."

He praised Mr. Jones for the "tremendous amount of work" he had done in extending rank-and-file democracy in the union and the movement generally, and in giving the members maximum involvement in collective bargaining.

Mr. Evans, the union's national organiser, will now be brought into the inner councils of the leadership in preparation for his takeover and for senior posts in the TUC.

But Mr. Jones will stay in charge as the union decides this summer the future of the social contract for which he has been so largely responsible.

The voting figures were: Mr. Evans, 349,548; Mr. Cousins, 119,241; Mr. Kitson, 75,395; Mr. Smith, 47,799.

Another national official, Mr. John Miller, polled 24,701 votes to come sixth, and, of the other candidates, the Trotskyist shop steward Mr. Alan Thornett, nicknamed "the Mole" by the Cowley carworkers, picked up 11,493. Mr. D. Thatcher brought up the rear with 6,725 votes.

Profile and picture, Page 12

Public spending changes urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MAJOR CHANGES to the present system of Parliamentary estimates have been proposed by the all-party Select Committee on Public Accounts as a means of reasserting greater Parliamentary control over public spending.

Mr. Edward du Cann, the chairman, said yesterday Parliament had progressively abdicated its duty to control and command expenditure. He was launching the committee's report on the cash limits system at a Press conference.

"The present system is not working and cannot work. Parliament must, with the constructive help of the Treasury, consider afresh how it is going to handle these matters."

The Committee welcomed the system of cash limits which was developed in its present form in the last financial year as a means of reinforcing control over expenditure and was convinced it was "here to stay." But the limits did not have any specific Parliamentary sanction and were separate from Parliamentary Estimates and Accounts.

The Committee recommended that the Treasury should look at ways of developing cash limits in the direction of full cash budgetary control, applied year by year, and thus of assimilating it with a reformed system of Parliamentary Estimates to make the latter more realistic and effective.

The difference between the two is that cash limits put a ceiling in money terms on spending after taking account of a figure for inflation for the whole financial year but the spring Estimates only reflect known price and wage rises before the start of the year.

As a result "very large" supplementary estimates had become inevitable and "the possibility of any effective Parliamentary control of these sums, or even investigation of their necessity, has virtually vanished."

A merger of the two, with Estimates being based on a realistic assessment of the prices for the full year, and with cash limits being extended to cover spending so far excluded, could establish a new structure for an up-to-date budgetary system.

The Treasury told the Committee it recognised these points, but stressed the need to gain further experience with the limits before any extension could be soundly based.

The Committee suggested that the Treasury should be ready, by the use of appropriate adjustments, to maintain the effectiveness of cash limits if movements in wages and salaries should become less closely predictable than in the last year.

The Treasury is already looking at the implications for cash limits of changes in the structure of wage restraint compared with phases one and two.

The report recommended that the Treasury should consider dividing the larger cash limit blocks to increase the precision and effectiveness of the control.

The Committee also noted the Treasury's view that the operation of cash limits had tautened financial control throughout the spending departments.

Windscale expansion go-ahead by Cumbria

By Our Industrial Staff

PLANS BY British Nuclear Fuels to expand and improve its Windscale, Cumbria, plant at a cost of £385m. will go ahead after receiving planning approvals from Cumbria County Council yesterday.

However, the planning approvals did not cover the controversial nuclear fuel reprocessing plant which will be the subject of a public inquiry on June 14.

Approval was given yesterday for:

1—The £245m. refurbishing of the magnox facilities which are 20 years old and treat the spent metalic uranium fuel from Britain's first-generation reactors and from two reactors overseas.

2—The £40m. Harvest scheme by which the company hopes to demonstrate a method of solidifying the highly radioactive waste from reprocessing operations.

3—Reception and storage facilities — in the form of deep concrete ponds — for spent oxide fuel. This will cost up to £100m.

Mr. Peter Shore, Secretary for the Environment, has already given his tacit approval for these projects by calling in for public inquiry only the application for the oxide waste reprocessing plant.

Now that permission for the oxide fuel storage facilities has been given, the company can continue to import oxide fuel from suppliers such as Japan and West Germany.

A company undertaking that, if the reprocessing scheme falls through it would return the oxide fuel to the overseas customers, was formalised at yesterday's special meeting of Cumbria's planning committee.

The Japanese electricity industry, with which the company has been negotiating a contract worth about £500m. to transport and reprocess 1,635 tonnes of spent oxide fuel, has said it is prepared to wait for the outcome of the public inquiry provided it can continue to send spent fuel to Britain.

By providing the oxide fuel storage facilities, the company will be able to give the Japanese breathing space to find alternative sources of disposal if the public inquiry turns down its application.

Beaverbrook and Associated hold talks on redundancies

BY MAX WILKINSON

ASSOCIATED Newspapers and Beaverbrook Newspapers are now having intensive talks about the major redundancy payments which would result from a merger of their two London evening papers.

The merger now under discussion would, in effect, be a takeover of the Evening Standard by Associated Newspapers, which would then phase out the Evening News.

Associated would gain the profitable advertising and the high class readership of the Evening Standard, and would be able to end the substantial losses which the Evening News is now making. Beaverbrook would get cash which it needs to improve liquidity and to prop up the Daily Express.

After a Board meeting of Beaverbrook Newspapers yesterday, there were renewed rumours among the staff that a take-over had been agreed in principle, but neither management would confirm this.

The main difficulty between the companies is the very large cost of the several thousand redundancies which would be involved. After the merger the combined paper would have nearly twice the manning it would need even by traditional standards. If new computer typesetting were introduced manning requirements would be further reduced.

Redundancy payments could be expected to run into several millions of pounds and were described by one executive as astronomic. The two Boards have not been able to agree so far on how these costs should be apportioned.

Beaverbrook's argument is that the Evening Standard is a viable newspaper with a high editorial quality which, after losses of £1.5m. between July 1975 and July 1976, is now trading at a profit.

The Evening News, on the other hand, has been losing circulation badly in spite of its revamp as a tabloid, and is losing £4m. to £6m. a year. Beaverbrook also believes that the Evening News' strong fight to retain advertising and readers has reduced the profitability of both papers. The competition has meant high costs for poster and other advertising, depressed advertising rates and increasing of discounts by both papers.

Talks between representatives of the two groups were continuing last night with the help of Lord Goodman. Other contenders for the purchase of the Evening Standard, said to have included Sir James Goldsmith and News International, have now dropped out. One Beaverbrook executive said: "Our only option now is a deal with Associated."

Nominee company for Queen

BY MARGARET REID

THE QUEEN'S shareholdings will be exempt, on certain conditions, from any disclosure obligation if they are held through a Bank of England nominee company.

Mr. Edmund Dell, the Trade Secretary, has granted an exemption under Section 27(9) of the Companies Act, 1976, in favour of Bank of England Nominees.

This newly-formed company will hold securities as nominee only on behalf of Heads of State and their immediate families, Governments and official bodies closely connected with them and international organisations formed by governments or official bodies.

A Buckingham Palace official said yesterday that the statement applied to the Queen.

The exemption is from the provisions of Section 27 of the Companies Act, which came into force this week and which enables companies to require disclosure of the true owner behind nominee holdings of their capital.

Certain significant conditions will apply to shares held through Bank of England Nominees as a result of undertakings given by that company about the use to be made of the exemption, it was stated in a Parliamentary answer yesterday.

The real owners whose shares are to be held through Bank of England Nominees will not be able to use their holdings to influence the affairs of the company in question except at shareholders' general meetings.

The exemption and related arrangements were described by Mr. Stanley Clinton Davis, Parliamentary Under Secretary at the Trade Department, in reply to Mr Arthur Blenkinsop, Labour MP for South Shields.

Mr. Clinton Davis said that a share owner through Bank of England Nominees had to give an assurance that he was aware of his overriding obligation to disclose his interest to a company in which he held a stake of 5 per cent. or more.

The effect of this is that while a shareholding by the Queen or any other eligible holder could remain under the nominee name if it was of less than 5 per cent., its true ownership would have to be revealed, at the company's request, if it were of 5 per cent. or more.

Further cut in lending rate possible to-day

...HAEL BLANDEN

... in the official ...ate appears ... short-term ...the money ... sharply

...ls were ... would ...3 from ...rket-related formula at the weekly tender.

The Bank of England, which in recent months has acted to slow down the decline in rates, yesterday gave no signal of its intentions, even though with the market short of funds it had the opportunity to make its feelings known through its lending.

The Bank, however, retains the power to override the normal formula to prevent a fall in MLR as a result of the bill tender.

The official MLR came down ½ point to 9 per cent. a week ago, bringing it to a level a full 6 points below last year's peak of 15 per cent.

The general feeling was that this could mark the end of the decline for the time being, though yesterday's events revived hopes of a further drop.

A fall would increase the pressure on the big clearing banks to reduce their own overdraft rates, last cut on March 30.

Already the general level of the market could justify a ½ per cent. fall in base rates from the present 9½ per cent., but the banks continue to take a cautious line on the prospects.

Coal Board chief says incentive plan vital

By Christian Tyler

THE NATIONAL Coal Board has urged Ministers, including Mr. Denis Healey, the Chancellor, to make room for a high-paying, self-financing, incentive scheme for miners in the next phase of wage policy.

The vital importance of getting such a scheme into operation quickly was spelled out yesterday by Sir Derek Ezra, NCB chairman. He said productivity was the key question for the year ahead.

"Of course, anything we agree (with the National Union of Mineworkers) will have to be subject to the next round of pay policy. But it is vital. If we can get this part of our business right, I foresee no problems."

Sir Derek was commenting on the news that NUM negotiators have approved an outline pit-based incentive scheme which the miners want introduced on August 1.

From the Coal Board's point of view it is vital in another sense. Successful negotiation of such a scheme could head off demands for huge pay rises for miners next winter.

The NUM conference in July is expected to reject further wage restraint. It will have resolutions seeking double the present faceworkers' rate.

No figures have been attached to the NUM incentive plan yet. But on the basis of the last Coal Board proposals made more than two years ago, the rate for hitting pit targets could to-day be about £20 a week—and more if targets were exceeded. The Board, with largely fixed costs, sees no upper limit to what men should be allowed to earn from bonuses.

The shape of pay policy was almost certainly one of the subjects discussed last night at an informal dinner given by Mr. James Callaghan, the Prime Minister, for five or six TUC leaders, including Mr. Jack Jones of the Transport Workers.

The presence of Mr. Michael Foot, Labour Deputy Leader, at the dinner suggested that an attempt was being made to re-forge the powerful liaison Mr. Foot has had in the past with Mr. Jones.

Mr. Foot has not taken part in the negotiations for Phase Three and his presence could mean Ministers are mounting an appeal to trade union leaders to reach a pay agreement for the sake of loyalty to the Labour Government.

Coal Board profit, Page 8

THE LEX COLUMN

Dunlop switches to expansion

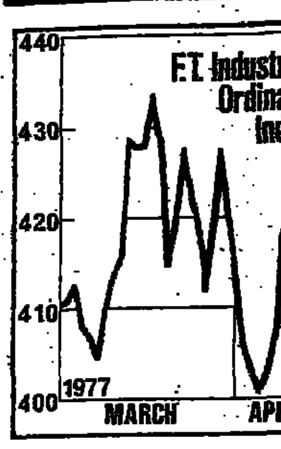
The figures are difficult to evaluate precisely, but its 1976 performance clearly takes Dunlop out of its period of convalescence and into a rather more expansionary phase. Admittedly, a rise from £15m. to £19.3m. in attributable profits over the year takes in sizeable stock profits (net of the cost of sales adjustment, there is not much progress at the operating level) together with exchange benefits. Nearly a third of the earnings gain is the result of translating overseas profits at the year-end rate for sterling, and an exchange profit arising from the way Dunlop covers its hard currency exports has more than offset losses on currency loans. At the same time, the underlying business remains on an improving trend in most areas.

This firm demand from the tyre replacement market together with a higher offtake from the motor manufacturers has pushed the U.K.'s contribution up from 31 to 36 per cent. of operating profits. The U.S. business has also produced significantly better results, and the one big disappointment is continental Europe, where a flood of imports has combined with technical problems to leave a £1.8m. attributable loss in Germany.

As a proportion of shareholders funds, total debt has risen a little over the year to 66 per cent. or 34 per cent. when minorities and deferred tax are added to the borrowing base.

Tangible evidence of Dunlop's recovering confidence is the £72m. of capital spending scheduled for the current year, compared with £43m. in 1976 and under £30m. two years ago. This is not expected to have an adverse effect on the gearing ratios. The yield of 7 per cent. is covered by inflation adjusted earnings, and the group is looking for further progress in the current year.

Index rose 6.2 to 418.7



making industries could quite easily be turning its cash into working capital at a very rapid rate.

In the meantime the dividend for 1977 is rising by a full 53 per cent. and the shares moved up 4p to 61p yesterday. The ex rights yield is 8.8 per cent. and the forecast dividend is still covered twice by last year's earnings which at the pre-interest level represented a return of 24 per cent. on capital employed.

There is no specific date at present about the capital spending programme. But at this stage it looks as though profits can move up again in 1977, helped by last year's £10m. acquisition in the U.S. which will apparently make a profit after financing costs.

Hepworth Ceramic

Hepworth Ceramic is asking shareholders for £11½m. at a time when the latest balance sheet (also published yesterday) contains a figure of £10.2m. for net cash. But the rights issue document explains that £50m. is being spent on capital account between now and 1979, which is £28m. more than was spent over the past three years. And the company reckons that by 1978 an upturn in demand in the construction and steel

BP

BP accounted for almost a full point of the rise in the 30 share Index yesterday, and the shares were moving ahead further late last night supported by heavy trading during the first hour of business on Wall Street.

Although it is by no means certain that Congress will give carte blanche approval, the major oil companies have welcomed President Carter's energy proposals, and are obviously relieved that any idea of breaking them up has been deferred indefinitely. For companies operating on the North Slope of Alaska, like BP and Exxon, the President's message has cleared up major uncertainties about how their Alaskan crude is going to be slotted into the fiendishly complicated domestic U.S. pricing structure.

The two crucial proposals are that the Alaskan crude will be subject to a maximum well-head price of $11.28 per barr... that West Coast refiner... be entitled to treat this... on the same basis as ... which are not subject ... artificially low price le... which domestic producer... to abide.

This seems to guarant... the oil will be fully comp... in what will be its main r... and the proposed we... ceiling is no constraint... day's prices. It is well... anything that the pro... could hope to realise whe... market prices are about... per barrel and transpo... costs from the North... amount to about $6 per... (including the pipeline...

On this basis, the pro... appear to be assured of a ... factory price and will be ... to contemplate further e... tion in this huge area. F... same reasons they seem ... taking a relaxed view of th... gestion, approved by the ... of Representatives yest... that exports from the ... Slope should be banned ... period. BP, for instan... preparing to ship its West... surplus crude through... Panama Canal.

Oil is now scheduled to... filling up the Alaskan pi... sometime in June, and s... be flowing properly by Ju... 1978 it should be havin... appreciable effect on BP'... fits, producing earnings o... haps 60p per share, agai... 1976 figure of 46p for the... as a whole.

Bowater

Bowater's £29m. fundin... the Eurodollar market co... with the publication of ... accounts that spell out ... clearly the need for some... of re-financing programme... capital at the end of... totalled £249.8m. incl... £105.4m. of short-term de... which £29.6m. is due for r... ment in 1977. In addition... debt takes total borrowings... of cash) up to £316m. comp... to shareholders' funds of £... Depreciation and retentions... year of £40m. fell a long... short of a £74m. rise in... working capital and ca... spending of £45m.: and ... liquid assets decreased by ... than £32m.

Still, working capital is ... to grow more slowly this ... and the market's view is ... Bowater remains capabl... pushing profits this yea... above £100m. pre-tax a... £78.3m. last time.

Weather

U.K. TO-DAY

CLOUDY with some rain.

London, S., Cent. N., E. England, Midlands
Rather cloudy, mostly dry. Max. 12C to 15C (54F to 59F).

Channel, S.W. England, S. Wales
Cloudy, rain at times, perhaps heavier later. Max. 13C (55F).

N. Wales, N.W. England, Lakes, I. of Man, W. Scotland, Glasgow, Argyll, N. Ireland
Rain at first, becoming brighter. Max. 12C (54F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, Orkney, Shetland, N.E., N.W. Scotland
Cloudy with rain, heavy at times. Max. 10C (50F).

Outlook: Changeable.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	27	80	Madrid	S	19	66
Amsterdm	C	13	55	Manchestr	R	10	50
Bahrain	S	25	78	Melbourne	C	14	57
Barcelona	F	17	63	Milan	S	15	59
Belfast	C	12	54	Moscow	C	6	43
Belgrade	S	12	54	Munich	C	13	55
Berlin	D	8	46	Newcastle	C	15	59
Birmnghm	R	13	55	New York	H	21	70
Bristol	R	10	50	Oslo	C	7	45
Brussels	C	12	54	Paris	S	16	61
Budapest	S	12	54	Perth	F	29	84
B. Aires	S	24	75	Prague	C	11	52
Cairo	S	29	84	Reykjavik	C	4	39
Cardiff	D	10	50	Rio de J'o	C	28	82
Cologne	C	13	55	Rome	S	20	68
Copnhagn	C	8	46	Singapore	S	34	93
Dublin	C	13	55	Stockholm	C	7	45
Edinburgh	D	12	54	Strasbourg	C	10	50
Frankfurt	C	8	46	Sydney	F	21	70
Geneva	C	14	57	Tehran	S	15	59
Glasgow	R	10	50	Tel Aviv	C	20	68
Helsinki	D	2	36	Tokyo	S	23	73
H. Kong	S	25	77	Toronto	H	18	64
Jo'burg	S	28	82	Vienna	F	14	57
Lisbon	S	23	73	Warsaw	C	14	57
London	C	14	57	Zurich	C	13	55
Luxembrg	C	9	48				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	18	64	Jersey	C	13	55
Algiers	F	18	64	Las Plmas	S	21	70
Biarritz	C	14	57	Locarno	S	15	59
Blackpool	R	10	50	Luxor	F	35	95
Bordeaux	F	18	64	Majorca	S	20	68
Boulogne	Fg	9	48	Malaga	S	18	64
Casablnca	S	19	66	Malta	R	14	57
Cape To	C	21	70	Nairobi	S	20	68
Corfu	R	14	57	Naples	S	17	63
Dubrovnik	S	16	61	Nice	S	17	63
Faro	S	23	73	Oporto	S	21	70
Florence	S	18	64	Rhodes	C	19	66
Funchal	S	21	70	Salzburg	F	14	57
Gibraltar	S	18	64	Tangier	S	25	77
Guernsey	C	12	54	Tenerife	S	20	68
Innsbruck	F	14	57	Tunis	F	15	59
Inverness	C	11	52	Valencia	S	22	72
Is. of Man	F	10	50	Venice	S	12	54
Istanbul	C	9	48				

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hazy. R—Rain. S—Sunny.

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